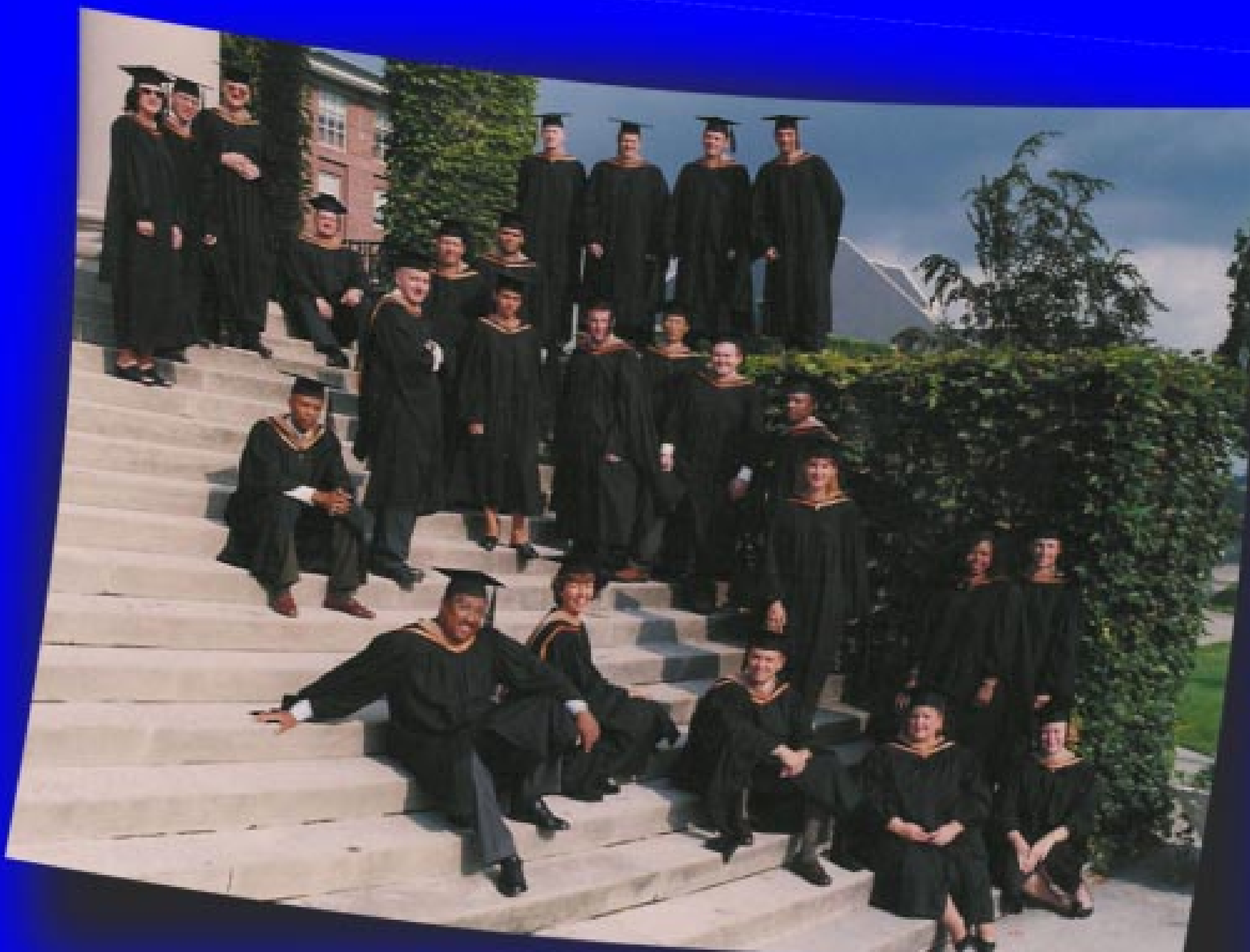
# RM

# Resource Management

4th Qtr 2000 PB-48-00-4



# Professional Development

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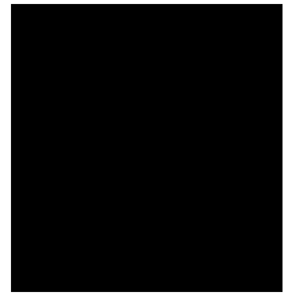
# *A message*
## from the Assistant Secretary of the Army (FM&C) Helen T. McCoy



In DoD the operative word remains "change." No matter the term used—reengineering, reform, strategic sourcing or privatization—the message is clear: embrace and manage change. Business *cannot* go on "as usual."

A survey of over 600 corporate CEOs identified major business challenges. Two of them caught my attention: engaging employees and competing for talent. We in public service will encounter these challenges, as well. Human capital issues are moving to center stage and can no longer be viewed as just "personnel" matters.

Engaging employees means getting them involved. Our challenge is to create an organizational structure and climate that allows ideas, concepts and technical skills to grow. Managers and leaders must provide challenging work, coaching, mentoring, rewards and recognition. And we must do more than ever before to ensure that everyone is trained, retrained and professionally developed. Yes, there is a price tag for this. But there is a greater one if we don't do it.

Competing for talent, while not a new challenge, will in fact require more leadership involvement than we've given it. Tomorrow's workforce will have very different expectations of, and demands on, their organizations. Diversity, far more than a nice demographic profile, will actually differentiate organizations. Those able to accept individual differences in the workplace will gain access to a much larger pool of talent.

The past decade's budget proposals concentrated on reducing the federal workforce. Now the priority is to shape that smaller workforce to ensure the right mix of skills, experience and training. In five years, half the civilian workforce, including three-fourths of the Senior Executive Service, will be eligible to retire. Accession planning begs management attention at all levels.

In this period when Defense financial management still bears scrutiny, education and professional development are essential elements in our professional toolboxes. Credentialing is another. Today we have 38 members of the Army's financial management family who have earned the new Certified Defense Financial Manager credential—a relevant, test-based, academically sanctioned certification. We must all work to swell these ranks. Versatility and competence are key to our future success, and training and sitting for the CDFM examination will help get us there. Our goal should be to build professionals positioned to deal with hard challenges, excel in their work and grow as quickly as their environments and responsibilities demand.

What will financial management be like in the new century? My crystal ball is no clearer than yours. But whatever the challenges ahead, we'll meet them with knowledge, energy and persistence.

Helen T. McCoy
Assistant Secretary of the Army
(Financial Management and Comptroller)

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By order of the Secretary of the Army:

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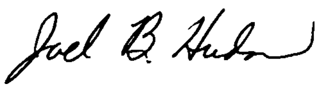
Official: 

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# RESOURCE MANAGEMENT

Fourth Quarter 2000 — *"Professional Development"* — PB48-00-4

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**Not Pictured:**
Scott Bisciotti, Paul Chamberlain, Mick Simonelli

# A message from the Principal Deputy Assistant Secretary of the Army (FM&C)

***Erin J. Olmes***

This 4th Quarter issue of RM is our annual Professional Development issue. On the cover, you noticed the Army Comptrollership Program (ACP) Class of 2000. Inside, you'll find in-depth, thought-provoking professional articles by several ACP graduates. In recent years, we've noticed a reluctance among civilian careerists to apply for ACP, and last October I asked members of the CP 11 Executive Council to help me find out why. The answers revealed some lingering misconceptions about the program as well as good recommendations for making it better. I've grouped the responses into several categories.

**"Too hard, academically."** For some, it may be. Applicants need a 500 or higher score on the Graduate Management Admission Test (GMAT), and that's not easy for some. Syracuse University's experience is that many of the ACP courses are very difficult for students with under-500 GMATs, so they and we have set the bar where it is.

**"Uprooted from job or location."** Selectees vacate the specific positions from which chosen for this program, but they don't necessarily have to leave their command or agency or move away permanently from their current duty station. We do our best to accommodate both the Army's needs and applicants' desires. One page of the application package asks for order-of-priority preferences in location, command and type of work for the new job, called an operational assignment. The operational assignment could end up being in the same organization, but with a different set of duties. We ask the candidates again during board interviews about their job type and location desires. For 10 years, all civilian selectees have gotten one of their top three choices.

**"Washington's too expensive."** There's no requirement to include Washington as one of the top choices for an operational assignment. Some commands or agencies may channel their new ACP graduates toward the Headquarters, but there is no Army-wide requirement, expressed or implied, to move to the D.C. area. Many candidates and program alumni have valued the Washington experience, seeing it as a career-enhancing advantage. In addition, a great portion of the cost of living in the national capital area is offset by steadily increasing locality pay.

**"Uncertainty about new job."** Careerists selected for ACP are reassigned into their new operational assignments before school starts. Most spend about three weeks at the new job site receiving orientations, meeting colleagues, processing PCS paperwork and learning enough about their new responsibilities to be able to relate them to the ACP instruction once it begins. Our reason for putting students into their new jobs before the start of training is specifically so that there will be no uncertainty about their new bosses' expectations following ACP graduation.

**"Complex, long-lead-time competition."** We can shorten and simplify this process, and we've already begun to do so. Many of the tabs and schedules we ask for are already Web-based, and we intend to align the ACP application process with similar training competitions such as the Army Management Staff College on-line procedure and the university long-term training catalog process on the "cpol" Web page. Next year's ACP applicants will apply just to the Army, and only the selectees will then apply to Syracuse University. We may also leave an ACP announcement on the Web year-round, with annual cut-off dates, and update it as needed.

**"What's in it for losing bosses?"** I'll take that on as my problem. Supervisors hate to lose their best people, and some refuse to support or endorse applications. I can only call that short sighted and self-serving. First, a manager or supervisor losing a careerist to ACP gains a recruitable vacancy and doesn't have to wait 14 months for the person to come back. Not only that, an enterprising losing manager, with help from command CP 11 leadership, may arrange an operational assignment to which the ACP graduate may return. In addition, any supervisor who agrees to host a new operational assignment for a pending ACP graduate gets a fully funded 14-month backfill while the ACP student is at school.

**"Need an ACP support group."** There already is one. The Association of Syracuse Army Comptrollers, an ACP alumni group, is ideally suited to advise, counsel and mentor those new to ACP and their family members about uncertain matters such as housing, schooling, employment and even babysitting in the city and environs of Syracuse, New York.

I would be pleased to respond to questions from any of our readers about the Army Comptrollership Program. If we still don't have it right, we'll work at it until we do.

# Sustaining base training

## *A corporate approach to management*

**by William E. Day**

As the Army executive agent for sustaining base training management, the deputy chief of staff for training in Training and Doctrine Command operates a corporate training management process that has significantly raised the efficiency of sustaining base training.

This Armywide training management process has shown meaningful results at the bottom line in terms of substantially reduced duplication and deletion of courses no longer relevant to Army requirements.

To date, the TRADOC-led process has generated over $25 million in cumulative expense avoidance at a total operating cost of about $1 million.

*The primary challenge was to enlist voluntary active participation and support of non-TRADOC training providers*

Prior to this effort, SB training providers across the Army operated independently, without benefit of a central training management coordination process for communicating and collaborating on SBT issues and concerns.

Linking SBT participation and total automation are what set this corporate management process apart from other Army efficiency enhancement programs.

SBT management combines the professional expertise of career program and career field functional representatives (representing training customers and management) and Army SBT providers (representing the sustaining-base schoolhouses) as members of a single advisory body known as the SB training management review board or TMRB.

The board annually conducts comprehensive and systematic training analyses of courses in the SB curriculum structure. Under the continuous review cycle, courses are reviewed every three years. SBT course analysis is designed to answer two fundamental questions:

**1.** Why does Army teach this course?
**2.** Can this course be taught more efficiently?

At the outset, the primary challenge was to enlist the voluntary active participation and support of the non-TRADOC training providers, who comprise about 65 percent of this Armywide training management process.

With a few minor exceptions, other major command and Army headquarters staff training providers have solidly supported this effort. The center of gravity of SBT, which enables total process automation, is its website, http://www-dcst.monroe.army.mil/sbt.

In addition to providing key SBT process information, the Web site includes direct links to numerous related Army, DoD and non-DoD sites and the SBT Excel database.

The database arrays over 500 SB courses by training provider, course number and title, and it includes detailed training data on each course such as student load, course description, target population and functional or course proponent. In this way, the database serves as a viable training clearinghouse and a readily accessible training information source.

Without this highly effective tandem arrangement of management process intervention and effective training provider management, we could easily have expected the SBT curriculum structure to expand from its initial 800-plus courses to more than 1,000.

Instead, the SB training management review board's approved recommendations have succeeded in cutting the course load nearly 40 percent, to today's level of just over 500.

**About the Author**

Bill Day has served as the SB training management review board's executive secretary and moderator since the effort began in 1993.

# I'm listening: The art of attentive listening

***"I like to listen. I have learned a great deal from listening carefully. Most people never listen."***

—Ernest Hemingway

**by John Di Genio**

During the battle of Gettysburg, Confederate Army Gen. Robert E. Lee told one of his field commanders, Lt. Gen. Richard Stoddert Ewell, to "secure possession of the heights ... if practicable." Unfortunately for the Army of North Virginia, this commander took Lee's instructions literally, and since he didn't feel that it was "practicable," he did not take Cemetery Ridge, the "heights" Lee had mentioned.

Failure to take that high ground, a hilly region overlooking the entire battlefield, greatly contributed to the South's defeat in a crucial battle. Should Lee have been more forceful and ordered that Cemetery Ridge be taken? Actually, he did. Ewell, however, was not tuned in to the non-verbal signals — such as Lee's gestures and manner of speaking. That is, Ewell listened; but he was not attentive to what Lee was really saying. This story shows the importance of attentive listening.

Successful people — leaders, managers, action officers — are able to perceive what cannot be seen and to listen for what is not being said. They have developed a keen business-like sixth sense; call it *extra-communication perception*. This is the ability to communicate beyond words with anyone to whom we are willing to tune into intensely, carefully and sensitively. Resource managers, as human-resource managers and honest brokers, will find ECP useful in their daily activities. Effective use of ECP could be the difference between success and failure in the office, at home or, as just noted, on the battlefield. Anyone can develop this career-enhancing skill. With this as a starting point, let's look at ways to develop and fine-tune ECP abilities.

**The Communication Event**

A communication event involves a sender transmitting a message to a receiver. The receiver decodes the message and acts according to perceived meanings. ECP takes a broader view of the communication event. Indeed, an individual sends a message to an audience, be it one person or a group. ECP, however, factors in variables such as mood, body language, facial expression and other unspoken indicators. Figure 1 portrays a communication event with ECP variables. Successful ECP communicators are aware of these variables — unspoken indicators — and take them into account when encoding (sending) or decoding (receiving) a message (communication event).

**The Greeting**

As professionals, we often have to solicit information from colleagues, or provide assistance when called upon. Suppose you go to a person's work area and without that individual even looking up at you; he or she simply grunts and roughly points to a chair.

How would you feel? No words have been exchanged, but a clear message has been sent and received. Let's continue with this example. Once you are seated, the person behind the desk starts to ramble about business without giving you a chance to get a word in edgewise.

Given such circumstances, you'd likely be glad to get out of there. The environment was uninviting. The person behind the desk was a complete oaf. You walked away without accomplishing your mission. Not only does the office get a bad reputation; it also has lost an opportunity to expand its client base.

The initial greeting is the moment of truth. This is where the customer and provider get a sense of each other. As the provider of a service, speak first, reach out and shake hands. That makes the customer feel welcome. Offer the visitor something to drink. Allow the person a chance to speak freely. When asking for help, make it a request, not a demand. Be personable! There's no need to put on haughty airs. Use "please" and "thank you." It also doesn't hurt to say, "You're welcome."

**Reiterate**

When I first entered civil service, I worked for an individual who enjoyed playing word games as a way of being non-committal. She would constantly say things like "I didn't say that," or disdainfully ask, "What do you think I just said?"

Initially, I thought I misunderstood her because I wasn't tuned in to the military's way of communicating. Naturally, being a new employee, I was frustrated. One day, during a meeting, I saw how others repeated and questioned what she said before responding. This practice disabled her word play tactics and gave everyone a chance to fully understand what was actually being communicated and with whom responsibilities rested. The moral of the story is to repeat and question what is said by someone to make sure you fully understand the sender's message before responding. This is a simple tenet of ECP that anyone can use. Reiteration removes any doubt of what the communicator has stated.

People often have a tendency to interpret what they hear based on preconceived notions. That can lead to confusion and misunderstanding. Everyone has heard about the shop foreman who instructed his machine operator to cut large sections of pipe into "six foot long sections." Did the foreman want six one-foot-long pieces of pipe, or did he want sections measuring six feet in length? That example clearly shows how repeating what was said and asking questions to clarify can avoid shoe-gazing, red-faced embarrassment.

**Acknowledgment**

People are more willing to talk openly if they know they have an attentive listener. Body language conveys a message. A few simple cues like leaning forward, smiling and nodding tell the person talking that you are listening carefully and actually care what is being said.

On the other hand, yawning, constantly looking at your wristwatch, fidgeting, banging away at your keyboard, reading a newspaper or holding "sidebar meetings" with someone else in the room is not only rude; it completely turns off the person talking. Why discuss an issue when nobody is listening?

A simple, natural-looking smile helps the speaker to open up and speak more freely. A smile tells the speaker that the listener is friendly. Who wouldn't like discussing an issue with someone who willingly lends an attentive ear? Although a simple tenet of ECP, let the listener beware! A smile that looks as if it were painted on with a brush does more harm than having no smile at all. A phony looking smile tells the speaker that the listener is insincere and doesn't really care.

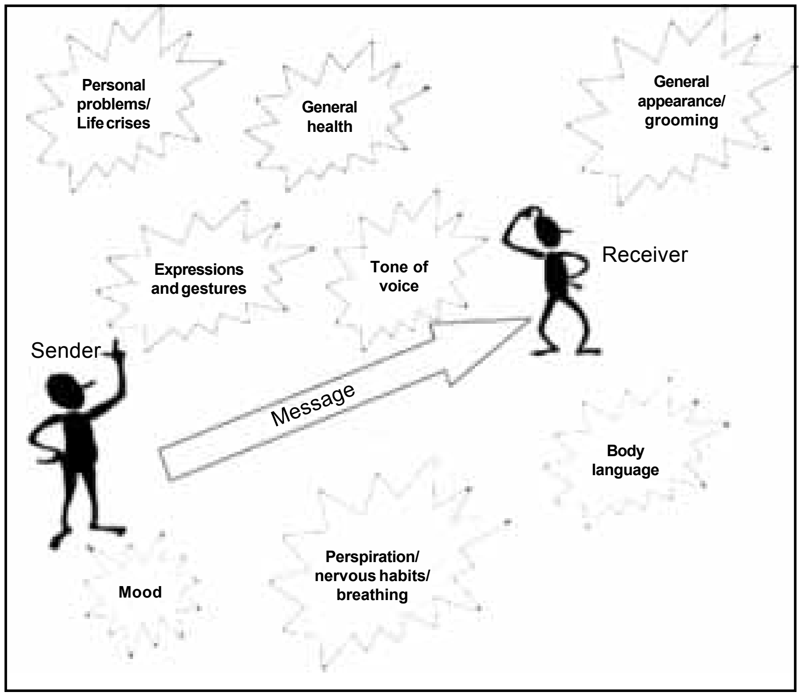


**Figure 1: Communication Event with ECP Variables**
*External variables impact sender, receiver, and message*

**The Essence Behind the Words**

Words by themselves may not convey the whole message. Ewell discovered that during the Battle of Gettysburg. Sir Arthur Conan Doyle's fictional detective, Sherlock Holmes, was a master of attentive listening — observing things not readily noticeable. ECP allows listeners to grasp the spirit — the true meaning — behind spoken words. This skill requires the person receiving the message to be sensitive to the speaker's hidden, non-verbal signs (such as body language, changes in tone, facial expression, breathing, perspiration) while listening. These unspoken indicators tell the attentive listener what is going on in the speaker's mind. This is a difficult skill to master. But, with practice, it can happen.

Here's an example. During one of my recent operational audits, I noticed that the interviewee would rest back in his chair, fold his arms across his chest, and the tips of his ears would turn a reddish hue after certain questions. With other questions, however, the interviewee would lean forward and eagerly tell me everything I wanted to know about the task in question. These reactions to my questions suggested that the interviewee was uncomfortable with some of my questions and it's possible he exaggerated his accomplishment times when answering them. Consequently, I had to re-phrase some of the questions and thoroughly audit his responses to obtain defensible estimates of accomplishment times for the functions and tasks being audited.

### Are You Using ECP?

- Are you sensitive to body language, posture and facial expressions?
- Can you accurately *read* people and ascertain their situations?
- Do you sometimes have a strange feeling that something is going to happen, and have you perceived that these feelings are more often right than wrong?
- Can you tell when you are effective, in the groove, and when you're not?
- Do you seek feedback after you send a message — either verbally or non-verbally?
- Can you sense ethics accurately?
- Do you laugh *with* rather than *at* people, and do you have a good sense of humor?
- Do you have firm beliefs, a reason for being, a purpose?
- Does your artwork (furniture, literature, works of art) reflect your personality?
- How well do you merge with people?
- Do you fantasize/daydream?

**Meetings**

Many people shoot themselves in the foot at meetings because they fail to sense the general mood and ambience among other attendees. Many meetings become time-wasters. ECP, however, can help avoid wasting valuable time. The next meeting you go to, take a good look at everyone else there. Carefully read their expressions and body language. Remember, even before a single word is spoken, a message has been transmitted and received.

For example, do the attendees look enthused, or do they look like they would rather be somewhere else? Do the participants appear eager to devote time and energy to the issues, or do their expressions suggest that they want to get out of the room in a hurry?

Reading people at meetings gives the receptive communicator an idea of what will be accomplished. Furthermore, if the mood in the conference room is unreceptive to solving problems or raising issues, the person with ECP will see that putting topics on the table for discussion with such a group would probably waste time and effort.

Some people make the mistake of associating words spoken with production at a meeting. They may believe that silence means the meeting has become unproductive.

Not necessarily. Moments of silence at a meeting are actually healthy. Brief moments of silence allow attendees to organize their thoughts so as to effectively contribute to the meeting.

A few minutes of silence helps prevent rambling and debate. An effective listener tolerates moments of silence and uses them to succinctly and logically formulate topics for discussion and reap benefits of a productive session.

**Feelings**

"How're you doing?" is a common form of greeting these days. Few if any of us actually expect a literal reply to this question. However, it's a perfect opportunity to enhance your ECP skills. Understanding how someone feels gives you a window into the person's mind. For example, if a colleague is under stress, there may be little receptivity to things you say. More importantly, a sincere "How are you?" could help the person openly discuss feelings. It helps to discuss problems; but to do that, an attentive ear is needed. Simply asking someone "How are you?" and then walking away suggests that the person asking is insincere.

To help fine-tune your ECP, simply ask — even at the busiest times — how someone feels. Then follow up with questions to further clarify the feelings. Never ask, "How are you?" without asking follow-up questions.

With practice, we all can enhance our ECP abilities. Unspoken indicators, such as facial expression, tone of voice and body language affect the way we send messages and the way our intended receivers interpret them. Effectively using ECP skills allows the professional RM to nurture an environment receptive to open communication, grasp meaning behind spoken words, facilitate exchanges of information and get the most out of meetings. Most importantly, ECP tells people sending messages to you that you are listening!

**About the Author**

John Di Genio, an operation research analyst in the J1 (personnel) staff office of U.S. Forces Korea, is a frequent contributor to RM.

# Transforming the Army

**by Kathy L. Grusing**

The 1997 Quadrennial Defense Review called for a fundamental reshaping of U.S. military forces in order to respond to post-Cold War threats.

The Army's portion of the fiscal year 2001 president's budget represents an aggressive attempt to address QDR mandates. The Army recognized that to comply with the review's intent, it had to pursue a transformation that would allow it to remain a worldwide preeminent fighting force. The transformation calls for major restructuring of the current force, development and procurement of weapons systems that fit a rapidly deploying force, and investment in technology. These initiatives will require a full range of resources.

The thrust of the Army's transformation is to develop a restructured force that is highly responsive, easily deployable, agile, versatile, lethal, survivable and sustainable. The force must be capable of performing the full spectrum of military operations and at the same time possess enough firepower to fight and win. The "full spectrum of military operations" calls for Army forces in joint, combined and multinational situations performing varied missions. The missions extend from humanitarian assistance and disaster relief to peacekeeping and peacemaking, and finally to fighting major theater wars, including conflicts potentially involving weapons of mass destruction.

Restructuring the force to meet such diverse missions requires developing the right mix of skills for a total "multi-component" Army. The multi-component concept poses a significant challenge, in that since 1989 the active component or AC force has shrunk 38 percent, the U.S. Army Reserve has dropped 23 percent and the Army National Guard has been cut 36 percent.

The Army's main transformation objective is to establish a force that is strategically responsive and successful in all types of operations. According to Gen. Eric Shinseki, Army chief of staff, the Army needs to transform itself into a force capable of dominating at every point of the full spectrum of operations. At present, the Army has heavy forces with no peer in the world, but they are challenged to deploy rapidly. The Army also has the world's finest light infantry, but it lacks adequate lethality, survivability and mobility once in the theater in some scenarios.

In order to correct these strategic shortfalls, the Army is working toward development of an "objective force" capable of deploying a brigade anywhere in the world in 96 hours and a full division in 30 days.

As a first step toward that goal, the Army is refining the "legacy force," the skill sets of the current force being retained as part of the transformation. The next step was to develop an "interim force," including fielding two initial brigade combat teams by the end of last September. The BCTs' home is Fort Lewis, Wash., where infrastructure, maneuver space and gunnery ranges most readily accommodate such a transformation.

*The thrust of the Army's transformation is to develop a restructured force that is highly responsive, easily deployable, agile, versatile, lethal, survivable and sustainable*

Culminating the transformation will be the multi-component objective force that is lighter, more responsive, deployable, agile, versatile, lethal, survivable and sustainable than the force of today.

Force structure, while important, is just one part of the Army's transformation. To be successful, it must also include developing and procuring weapons systems with increased effectiveness, superior range, speed, payload, multi-mission use and lower operating costs.

This effort addresses upgrading current systems like the Abrams tank, Bradley fighting vehicle and Apache Longbow helicopter; developing new systems such as the Comanche helicopter and Crusader artillery system and selecting and procuring a new medium armored vehicle or MAV for redesigned combat units. MAV typifies new systems that will enhance deployability and help reduce logistical-support needs.

Whereas some weapons system initiatives require research and development efforts, others can be achieved by investing in "off-the-shelf" equipment and technology.

Off-shelf initiatives streamline acquisition. One project involves procuring vehicle prototypes needed to stand up the first units at Fort Lewis. The effort will also be a way of upgrading aging equipment and weapons systems by incorporating cutting-edge technology to ensure U.S. military superiority. This initiative contributes to the goal of making the force more deployable by reducing its size while maintaining current lethality and survivability.

Successfully developing, procuring and upgrading weapons systems will challenge the Army. How will we cut armored volume in combat vehicles while increasing survivability? How will the Army increase deployability without sacrificing survivability or lethality? How do we cut in-theater support needs and harness technology to roll back strategic lift requirements?

With a major research and development effort to address these questions, the Army can invest in technology to give the objective force its desired characteristics of responsiveness, agility, versatility, deployability, lethality, survivability and sustainability.

In conjunction with force restructure and weapons systems development and procurement, the Army's transformation must include technology investment. The key will be digitization, the integration of multiple information technologies.

With this, the Army will develop the objective force's necessary enhanced capability by combining today's Army modernization program information technologies with tomorrow's unit effectiveness-boosting advanced technology.

Anticipating such enhanced capability, the Army has already begun redesigning its mechanized divisions. In the next few years, the mech divisions will be made more deployable by becoming smaller but will stay just as lethal and survivable as they are today. In addition, the Army will be selectively procuring weapons systems for the digitized battlefield and also integrating existing systems' digital components to realize the technology's full potential.

Begun in 1999 with fielding of the Army's first digitized division and corps, digitization will enable military commanders to more effectively direct forces, transfer information among units and prevail over future adversaries. Added to all of these technological initiatives is the development of surveillance assets such as unmanned aerial vehicles and navigation aids like the global positioning system.

To meet the challenges of post-Cold War threats and remain a worldwide preeminent fighting force, the Army must pursue and is pursuing a fundamental transformation. It must, and will, continue reconfiguring to achieve an objective force that is highly responsive, easily deployable, agile, versatile, lethal, survivable and sustainable.

Accompanying force restructure must be the development and procurement of weapons systems that make the new force more deployable and sustainable by cutting its size yet keeping its current lethality and survivability.

Finally, we can and should bolster objective force capability by investing in technology that links established information systems with advanced digitization techniques.

The Army is already transforming as you read this, but it will take continued commitment and effort to mold it into the force America needs to secure its interests in the coming century. The Army's fundamental business still is to fight and win the nation's wars.

To continue doing that with certainty and dispatch, we must continue to address tomorrow's challenges with today's most advanced technological capabilities.

**About the Author**

Kathy L. Grusing is assistant deputy chief of staff for RM with First U.S. Army at Ft. Gillem, Ga. She has an undergraduate degree in Sociology from Methodist College and a Master of Public Administration from Troy State University. She wrote this article last summer as her student idea paper for the Professional Military Comptroller School at the Air University in Montgomery, Ala.

# DoD enacts transportation allowance

**by Lt. Col. David C. Coburn**

Gas prices are averaging over $1.68 per gallon, the air quality in Washington, D.C., is poor on the best days, and traffic congestion has resulted in road rage that has pushed normally rational people over the edge and resulted in the loss of lives.

With all of these problems, the time is right for an "out of the box" solution. The transportation allowance for Department of Defense personnel in the National Capitol Region enacted by Executive Order 13150 will provide the nation far more benefit than cost.

The benefits of the transportation allowance President Clinton put in place become evident from examining the order's language, looking at current NCR commuting systems, examining the NCR's many traffic and transportation problems and projecting the allowance's likely effect on lives of DoD personnel choosing to participate in the program.

The order, *Federal Work-force Transportation*, was signed by the president last April. It called for DoD to launch a mass transportation and vanpool transportation fringe benefit program by last Oct. 1, which the department did. Under the program, the order states, "agencies shall provide their qualified federal employees, in addition to current compensation, transit passes in amounts equal to employee commuting costs, not to exceed the maximum level allowed by law."

The maximum level under 26 U.S. Code 132(f)(2) is $65 per month.

The executive order, however, is not a blank check to provide compensation to every NCR federal employee who commutes to work. The EO specifically addresses mass transportation and vanpools, and it doesn't apply to single drivers or informal carpools.

The commuting alternatives available within the NCR are numerous, and each has its unique challenges. The method used to commute to and from work for DoD personnel in the NCR is a personal decision that must be made with a number of factors in mind. These factors include but are not limited to cost, availability, time and family considerations. The cost of commuting within the NCR can range from none at all to $176 a month depending on the mode chosen.

Obviously, the best deal is paying nothing, but this requires a certain amount of trust in your fellow commuters. In order to commute free you must use an informal commuting system that allows a lone driver to pick up additional passengers needing a ride to or from work.

The benefit to the driver under this system is access to certain high occupancy vehicle lanes on interstate highways, which can cut commute time by up to an hour each way.

The informal carpooling system is called *slugging*, the passengers being tabbed *slugs* (living tokens that allow access to the HOV lanes). While the idea might sound great to some, and scary to others, there are some problems with the system. The restrictions for using HOV lanes are in effect only during rush hours, 6-9 a.m. and 3:30 to 6 p.m., or some variation.

*The informal carpooling system is called 'slugging,' the passengers being tabbed 'slugs' (living tokens that allow access to HOV lanes)*

If your commute times are outside the HOV hours, there is no incentive then to fill up anybody's car with people, and you can find yourself stranded and looking for a stranger to take you to or from work. This system is also ineffective if you need your own car during the duty day to run errands or for official business.

Alternatives to slugging in the NCR are both numerous and costly. Available mass transportation includes buses, the subway) and commuter trains. Bus fares run as high as $2.50 each way, the Metro can exceed $3 each way with an additional $2.25 charge for fringe-lot parking, and a one-way train seat can cost up to $4.40. All of these modes are clean, safe and efficient but rather expensive.

The method of commuting chosen by an individual must also take into consideration the availability of the particular mode, slugging being the most restrictive and Metro, which runs continuously throughout the day, the least restrictive.

A commuter must also look at the overall time involved in commuting and weigh this against the effect it will have on health and family. Long commutes can place an incredible amount of stress on a commuter and take away from quality time with the family.

All the problems inherent in making the commuting decision tend to pale when compared to the problems within the NCR transportation infrastructure.

One of the NCR's biggest problems, and the most visible to commuters, is the congestion of the roads during the rush hours. Rush hours are defined as 5:30-9 a.m. and 3:30-7 p.m.

Congestion leads to other predictable problems. The large volume of traffic has resulted in increased road wear, air pollution and "road rage" or overly aggressive driving.

The sheer volume of NCR traffic has resulted in increased need for road repair, which in turn has caused more frequent and longer backups on the roads. It has also necessitated two extensive construction projects, the Springfield, Va., interchange project (along the principal approach to the D.C. metropolitan area from the south) and the Woodrow Wilson bridge project (a few miles east of Springfield, crossing the Potomac River between Virginia and Maryland), that will require many years and hundreds of millions of dollars to complete, and will again only add to the problems experienced by commuters.

*The large volume of traffic has resulted in increased road wear, air pollution and "road rage" or overly aggressive driving ...*

Currently 370,000 vehicles a day pass through Springfield's "mixing bowl," which recently earned the dubious distinction of most dangerous spot on the 64-mile capital beltway. And if there is any doubt that this is a direct cause of commuting, consider that 85 percent of the traffic crossing the Wilson Bridge is going to, from or between destinations in the Washington, D.C., metropolitan region.

Construction projects are not the only consequence of the high volume of traffic in the D.C. area. Two other direct offshoots are a high concentration of pollution and the phenomenon known as road rage.

The pollution in the NCR has taken its effect not only on the lives of the individuals working and living in the area, but also on the area's many national monuments. The Lincoln Memorial and the Washington Monument have both recently undergone major renovations necessitated in large part by the poor air quality from vehicle emissions. The high concentration of pollutants in the air also has a detrimental impact on the lives of individuals with health problems. Pollutant levels are routinely reported during local radio stations' weather reports to alert everyone when atmospheric conditions are dangerous.

Another impact on the populace is aggressive driving. Road rage is a senseless act of violence that a study by the American Automobile Association's foundation for traffic safety describes as "any display of aggression by a driver. However, the term is often used to refer to more extreme acts of aggression, such as a physical assault, that occur as a direct result of a disagreement between drivers."

The incidence of road rage in the NCR has escalated to the point that police have initiated a public relations campaign to bring out the dangers associated with road rage and a special task force designed to apprehend aggressive drivers.

The high incidence of congestion has contributed to several high profile cases of road rage that have resulted in the loss of life, but there are numerous incidents that occur every day that lead to non-fatal accidents and wear and tear on nerves.

This grim picture of our nation's capital as a place to live and work sets a dramatic backdrop for the new mass transit subsidy. The transit pass will not alleviate all the problems associated with commuting for DoD personnel, but it will have many positive influences on their lives.

$65 a month represents just over one percent of a lieutenant colonel's base pay. The transit pass benefit will not substantially increase the standard of living for people living in the NCR in a real sense, but it will have a major impact on their quality of life.

As of a year ago last September, the NCR had nearly 88,000 military and civilian DoD employees. If only 30 percent of the eligible personnel among them participated in the transit pass program, the monthly cost to the government would be $1.7 million. But, in addition to the cost, we must consider the number of cars that would be taken off the roads, the increased morale of the work force and the possibility of increased retention of trained, experienced personnel.

If just 30 percent of the DoD personnel working and commuting within the NCR take advantage of the transit pass, it could result in at least 26,000 fewer cars a day on the roads in the area. That represents 14 percent of all cars passing through the Springfield interchange each day — and those vehicles would have been traveling during rush hour!

This is substantial when you consider that cars contribute to acid rain by emitting nitrogen oxides and to urban smog by spewing nitrogen oxide and hydrocarbons, on top of the deadly poisonous carbon monoxide.

Taking 26,000 vehicles out of the daily rush hour would have a measurable impact not only on pollution, but also on congestion, wear and tear on the roads and people's nerves.

Morale of the workforce is an important consideration to commanders and managers, and the transit pass will have a direct impact on the morale of everyone participating in the program.

Employees will arrive at work less stressed by the hassles of commuting in overwhelming congestion and satisfied that the cost of the commute was worth the expense. This increased morale can't help spilling over into increased retention of valuable employees.

With the "graying of the workforce" and the resulting intense competition for quality workers, the elimination of a negative aspect of working in a location will definitely help attract and retain personnel.

Commuting within the NCR is acknowledged as one of the key factors that cause employees to decide to move away from the area or not even to consider an assignment in the NCR. When these benefits are considered, they surely outweigh the costs.

Executive Order 13150 provides a great incentive for DoD personnel assigned in the NCR to use mass transportation. The transportation allowance enacted by EO 13150 for DoD personnel in the National Capitol Region will also provide the nation far more benefit than cost.

The $65 transportation allowance will not decrease gas prices, clean the air or stop aggressive driving, but it will make mass transportation more affordable for DoD personnel, and it will undoubtedly increase mass transit usage.

The current mass transit system in the NCR is clean, safe, and efficient, and increased usage will begin to solve these problems.

Increased use of mass transportation will also have a positive impact on the transportation infrastructure by alleviating overuse and reducing the overall wear and tear on the existing roads.

Federal workers will arrive at work with less stress, better morale and more energy to complete missions at hand. EO 13150 will help move us toward the day that the nation's capital is pollution and congestion free.

**About the Author**

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***Editor's Note:*** *DoD implemented a mass transportation fringe benefit program Oct. 1. In the area around Washington, D.C., including its military installations, the Pentagon's Washington Headquarters Services office runs the program. The NCR website is: http://www.dtic.mil/ref/html/MCRTransitpass.html.*

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*Information for outside the NCR is available on the ASA(FM&C) homepage at http://www.asafm.army.mil/asafm.htm. The article, written last June, has been updated.*

# Minimizing outsourcing risks:

## *Lessons learned from the private sector*

**by Charles C. Ulfig**

To respond to the Office of Management and Budget mandates of Circular A-76 and in the Federal Activities Inventory Reform or FAIR Act of 1998, the Army finds itself challenged with major management initiatives that will result in "outsourcing" (contracting out) a variety of functions.

These efforts have great potential for cost savings, but they also are subject to several risks. In Part 1 of this article, I will identify the risks and explore private industry's efforts to minimize them. In the next issue of RM, I'll conclude with Part 2 by suggesting how the Army might learn from these experiences. In both parts we'll also look at strategies suggested by academic research and management experts to minimize the risks.

The first strategic decision that private industry analyzes is which functions to outsource. Some functions are too risky to trust to an outsourcer. Once the organization makes a decision to outsource, they must decide how to minimize several types of risks associated with outsourcing. These risks fall into three categories: control, supplier and transition risks.

Private industry minimizes outsourcing risks through effective and innovative contract specifications, careful evaluation of required contractor specialization level, effective contract oversight, cooperative relationships with contractors, and leadership and communication in the internal organization.

The experiences of private industry as well as the Army's own experience and research provide important strategies that can be used to minimize the risks of outsourcing. The key to success is to apply the knowledge.

With that as the "executive summary," let's take a closer look at the issues.

Outsourcing has been a part of business for years, predating the industrial revolution. It is fundamentally a make-buy decision. Why should you make (or do) something if you can buy it more economically? In the 1980s, outsourcing became much more prominent as a management technique, and the scope of outsourcing initiatives expanded into major management initiatives. By the 1990s, outsourcing radically increased the amount of goods and services that companies "bought" versus "made." Outsourcing has changed from a tactical means to reduce costs to a formal strategic tool. Like most powerful tools, it has risks and rewards. We're going to look at those, check the actions and strategies private industry has used to modify them, and consider lessons the Army could learn from industry's experience.

Major management initiatives for outsourcing in the federal government have their roots in the Eisenhower administration. Budget Bulletin 55-4, January 1955, stated, "It is the general policy of the Federal Government that it will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels" (Cohen, 1997). The Office of Management and Budget published Circular A-76 in 1966 and updated it in 1979 and 1983. The 1983 Circular A-76 revision required that all commercial activities (i.e. those activities that are not inherently governmental, or certain exceptions) be evaluated through a cost comparison, and be "outsourced" if a significant savings could be shown.

Mandates in the FAIR Act increased the impact of Circular A-76. FAIR directed the head of each executive agency to "submit to the Director of the Office of Management and Budget, not later than the end of the third quarter of each fiscal year, a list of activities performed by Federal Government sources for the agency that, in the judgment of the head of the executive agency, are not inherently governmental functions" (Public Law 105-270, 1998). That is, each government agency must report an "inventory list" of activities they perform that are not inherently governmental.

Following these executive and congressional mandates, the Defense Department and the Army have made competition and outsourcing official policy. A-76 goals constitute a special type of outsourcing that the Army calls competitive sourcing. Federal outsourcing is similar to outsourcing in the private sector. It shares the same type of problems and risks.

The Army was an early adopter of outsourcing, and it has learned a great deal through experience. Continuous improvement, however, is required for survival in the 21st century. There are important lessons to be learned from the private sector. Examples, case studies, academic research, prominent business authors, foundations, and consultants provide valuable insights into the risks of outsourcing. They also provide an opportunity to benchmark the Army's business policies.

**Risks of Outsourcing**

The most common risks of outsourcing fall into three categories – Loss of control, supplier risks and transition/conversion costs.

Supplier risks, in addition, may be any of the following types:

- Higher exit barriers – the risk of contractor buy-in.
- Exposure to suppliers risks: Financial strength, loss of commitment to outsourcing, slow implementation, promised features not available, lack of responsiveness, poor daily quality
- Unexpected fees or "extra use charges"
- Supply restrictions
- Possibility of being tied to obsolete technology
- Concerns with long-term flexibility and meeting changing business requirements.

**Avoiding Risks Through Strategic Selection**

Many successful outsourcers and management consultants specializing in outsourcing agree that minimizing the risks of outsourcing begins with identifying what you need to control. In the private sector, the strategy considerations are, Which parts of the business do we outsource? What are the company's core competencies? What do they do best?

The federal government's outsourcing strategy refers to "inherently governmental functions" to determine core competencies. Inherently governmental functions involve more factors than "What do we do best?" The determination of inherently government functions must deal with national security, public trust and political issues. The Army's competitive sourcing policy states, "Not everything can or should be outsourced – the government must maintain in-house certain 'inherently governmental' functions and capabilities to protect the public interest," and that, "The conditions for successful outsourcing are not always present" (ACSIM, 1998). Army leaders realize that the definition of core competency must include careful consideration of the need for control.

**The Illusion of Control**

Managers sometimes have a myopic view of what control is "… [M]any client organizations … believe that unless they have direct control over the inputs required for the production, they have little or any control over the outputs" (Domberger, 1998, p.110). Corporate bureaucracy, unions, the level of decentralization in an organization, and even corporate traditions can make it difficult for managers to exercise controls over internal service providers. Concessions and extensive negotiations are needed to elicit performance. "..[T]his begins to look suspiciously like the relationship between a contractor and a client" (Domberger, 1998, p. 113).

*Bureaucracy, unions, decentralization, even corporate traditions can make it difficult for managers to exercise controls over service providers*

Outsourcing in itself does not result in loss of control. Rather, it changes the means of control from direct internal management to contract specifications, monitoring compliance with these specifications, and developing cooperative working arrangements with the service provider. The concern over loss of control is more often an ungrounded fear than a reality.

**Control Through Contracting**

Effective control through contracting and monitoring requires considerable managerial effort. Too little control in a contract, inadequate descriptions of minimum levels of service and inadequate monitoring are a prescription for failure. Consider the following example:

In October 1992 the U.S. Immigration and Naturalization Service put out a request for tender for a detention center in Elizabeth, N.J. The main purpose of the facility was to house illegal immigrants who were awaiting deportation. The contract was awarded to Esmor in 1993. Nine months after the contract was operational, a riot broke out in the facility and the INS conducted a thorough analysis of the factors that contributed to the riot. The subsequent report was quite scathing about Esmor's performance. It stated that "it appears that the level of salary was not realistic and could not ... insure the availability of well qualified applicants."

The report went on to state that, "It is evident that many, if not most, of the guards hired by Esmor did not meet the requirements of the contract or were only marginally qualified." Furthermore, the report concluded that inmates were subjected to abuse and harassment from the guards and that some detainees were locked in punishment cells for no reason. The contract with Esmor was subsequently terminated (Hart et al., 1997, Sullivan & Purdy, 1995).

*Clearly, specifications and enforcement are fundamental to a contract's success or failure — and failures can be devastating*

The Esmor case illustrates an important consideration in the management of outsourced services — the precision of contract specifications vs. the contractor's motivation to "shade" quality. The profit motive for Esmor dictated that they perform the contract at the lowest possible cost. This led to the marginal and substandard quality of the guards they hired. One key word in this case is "marginal." The quality of Esmor's personnel may have legally fulfilled (with some exceptions) the terms of the contract, but the quality was obviously inadequate.

Further, the INS's ability to monitor the contract was inadequate. The qualifications of the guards should have been apparent to the INS and their contracting officers. They either lacked the expertise necessary to evaluate the contractor or underestimated the amount of resources and managerial involvement needed to monitor the contract. Considering the inherent risks of running a prison, a considerable investment of resources in contract management was needed.

The case also illustrates difficulty quantifying performance levels. "Like all service-based contracts, prison contracts encounter the problem of how adequately to account for intangible outcomes in the writing of the contract. While many of these factors can be incorporated in the contract, some cannot ... For example, how should a contract specify the amount of force that a prison guard can use during a prison riot?" (Hart et al., 1997, Sullivan & Purdy, 1995).

The 1996 ValuJet airliner crash offers a much more tragic and severe example of the importance of contract management. On May 11, 1996, a ValuJet DC-9 airplane crashed into the Everglades, killing everyone on board. An investigation by the National Transportation Safety Board concluded that an on-board fire caused by the oxygen canisters loaded by ValuJet's maintenance contractor caused the crash (CNN, 1999). An NTSB report, issued in August 1997, cited "the failure of ValuJet to properly oversee its contract maintenance program to insure compliance of maintenance, maintenance training and hazardous material requirements and practices" (CNN, 1999). The fact that ValuJet outsourced their maintenance function did not insulate them from management responsibility, legal liability or the consequences of failures.

Clearly, specifications and enforcement are fundamental to a contract's success or failure — and failures can be devastating. In both the Esmor case and the Valujet case, the client did not put enough resources into contract management. The cases dramatically illustrate what can happen when the goal of cost savings in an outsourcing relationship causes management to lose sight of its responsibility.

Outsourcing is not a fire-and-forget weapon. Underestimating or ignoring contract management costs in an outsourcing decision can have disastrous consequences. The cases also suggest that there is more to determining core competencies than (as some outsourcing proponents contend) deciding "what we do best." Core competencies also need to consider a minimum set of requirements for engaging in a business area. The Army's use of "inherently governmental" standards to determine outsourcing opportunities, in theory, recognizes this concept. There are minimum requirements associated with core competencies that make certain functions "inherently governmental." Outsourcing should not be based solely on what an organization does best, or what they do not want to do. Some activities are too risky to outsource.

In situations where risks are not as severe as the cases cited above, contract management techniques are major factors in producing successful outsourcing relationships. The following case illustrates how contracts can be effectively constructed and managed. It uses elements of competition and incentives for continuous improvement to achieve success:

"A good example of an efficient and effective supplier relationship within the computer industry is provided by Sun Microsystems. Sun produces a range of personal computers and file servers, and has become well known for its extensive use of suppliers and for a symbiotic relationship with them. Known as the computer company that does not make microchips, Sun purchases between 75 and 80 percent of components from other companies.

"Sun itself does not produce computer chips, disk drives, monitors, keyboards or computer chassis. It concentrates on the manufacture of CPU (central processing unit) boards and the efficient assembly of parts. Company managers explain: 'We try to do internally those parts that provide us with a competitive advantage ... We take our talent to address the most critical value-added areas and partner the rest. The goal is to eliminate non-value-added and to simplify.'

"Given its high level of dependence on suppliers, Sun must closely monitor their effectiveness over a wide range of criteria, and a rigorous appraisal system has been developed to this end. Sun looks at the total cost of dealing with a particular supplier, including ongoing technological development and back-up support. Supplier performance is reviewed quarterly in joint meetings and analyzed with a scorecard developed by Sun, which details factors like price, quality and delivery reliability as well as flexibility and communications. The targets for suppliers are continuously made tougher; for example, previously a supplier would pass the delivery performance test if delivery was made up to three days early or one day late. Now up to two days early, but no days late, is the acceptable standard. Nonetheless, the delivery scores of suppliers have continued to rise. Improvements have also been made in inventory and cycle times, allowing new products to reach customers faster than those of its competitors.

"Sun's assessment system has also prevented the company from thinking it could have a single supplier as a global partner, an idea it views as the biggest delusion in the industry. The use of scorecards has even been extended to its relationships with other companies, such as airlines and rental car operators, and between its headquarters and subsidiaries. Annual awards are presented to the best suppliers.

"The benefits of this system can be seen in improvements in supplier performance, and on the balance sheet: in the fiscal period to December 29, 1996, Sun's revenue climbed 19 percent, to $2.08 billion, while fiscal second-quarter earnings in 1997 soared 41 percent, to $178.3 million. Sun's share of the market also continues to rise, from 38 percent of Unix workstations shipped in 1995 to 41 per cent in 1996. Sun's operating margins are around 9.5 percent. In a market as competitive as international [information technology], these figures speak for themselves." [Vasilash and Bergstrom (1995), Wheatley (1994), Hayes (1997), Schaff (1996).]

Some companies are using a form of contracts sometimes called "relational contracts."

"They are softer forms of contracts characterized by an agreement between the contracting parties to cooperate in the achievement of mutually agreed goals" (Domberger, 1998, p.130). Although these contracts are not legally enforceable, they can be combined with a classical contract which can "be kept in the bottom drawer, and with luck and cooperation will remain unused" (Domberger, 1998, p. 130).

**The Dangers of Too Much Control**

Too much control can limit the cost savings potential and strategic advantage of an outsourcing arrangement. Control stifles the contractor's ability to use best practices, continuous improvement and business process reengineering. The following example is an extreme case that illustrates this problem:

"In Phoenix, some services, such as transit, are fully provided by contractors. But in other areas, including solid waste management, the city allowed the existing public agency to bid for the contract as well. Researchers say the ability of the city to set the terms of public-private competition has allowed it to raise rivals' costs and exclude potential bidders.

"Thus in residential trash collection, for example: Contracts rigidly stipulate that private haulers follow the same schedule as the city's service — twice weekly collection, but not on Wednesdays or Saturdays. The number of bidders is limited by requiring that they already have two years' experience as the sole provider of solid waste collection services for 50,000 residences. The costs of private firms are raised by requiring them to carry employee medical insurance equivalent to the city's and to hire displaced city workers. And they are not allowed to use vehicles for both contract service and other purposes without express written permission.

"Unsurprisingly, after 18 years of public-private competition, city employees still collect the garbage in two of the three collection districts. However, even with the limitations on competition, the city conservatively estimates it has saved $20 million on trash collection over the period" (Franciosi, 1998).

Rather than setting up restrictive agreements, successful outsourcers are improving performance by allowing contractors to explore new methods and technologies. Well-managed companies constantly pursue best practices and are willing to reengineer their internal processes in order to achieve them. The strategic approach to outsourcing, where clients "partner" with contractors, is yielding more than just cost savings. The following example illustrates how much can be achieved through this approach:

"Motorola creates over a quarter of a million invoices monthly and, prior to its innovative outsourcing partnership with Xerox, had a process even they described as cumbersome and disjointed. Basically, the company's billing information would be sent daily to an off-site vendor who would output the bills on pre-printed forms and prepare them for mailing.

"To get around the problems, Motorola has signed an outsourcing contract with Xerox Business Services to bring together both the information processing and document services using Xerox printing solutions software for form creation. Through this integrated approach, significant breakthroughs were made possible. For example, Motorola's invoices have now been standardized and are now sorted by dollar value, so that larger invoices enter the mail stream at the earliest moment. Printing, sorting and mailing have been integrated, and Motorola can now make quick changes to invoices, should they be needed. This in-house, integrated approach to invoice printing and mailing, which leveraged the skills and resources of both organizations, reduced the cycle-time for these operations 43 percent in the first nine months" (Johnson, 1998, p.114).

**Supplier Risks**

Many companies that have used outsourcing are now facing major problems. Their outsourcing arrangements have failed to yield the savings and competitive advantages that were projected, and/or the contractor is unable to respond to changing business needs. "'I don't think we would ever, in the foreseeable future, entertain any ideas of large-scale outsourcing again,' said E.P. Rogers, [chief information officer] at Mutual of New York (MONY).

"The insurer this month finished rebuilding its in-house [information systems] structure after terminating a $210 million contract with Computer Sciences Corp. in May, less than halfway through its 7-year term" (Caldwell, B. and McGee, M.K., 1997). They find themselves in a difficult situation because the cost of contract cancellations and the costs of either finding a new vendor or bringing the processes back in-house are enormous.

One reason companies end up in this predicament is that they take a short-term focus on cost savings and fail to anticipate the long-term consequences. Lam Truong, CIO at the Milpitas, Calif., chip maker LSI Logic states, "Outsourcing didn't work for us, a Silicon Valley company, because we change our mind all the time" (Caldwell, B. and McGee, M.K., 1997). Failure to foresee future needs and to provide for them in contracts often leads to disaster.

**Key Lessons**

Leslie Willcocks, of the Oxford Institute of Information Management in London, together with Mary C. Lacity, conducted a three-year research project on best practices in information technology, interviewing 145 business executives, CIOs, outsourcing consultants and vendor account managers. They analyzed the information collected in this study, which included both successes and failures, to arrive at a set of key lessons for success in outsourcing. These lessons are applicable not just to the IT field but to most outsourcing situations:

**1.** "Right Sourcing is Selective Sourcing. IT within organizations spans a variety of activities in terms of business contribution, integration with existing processes and level of technical maturity. Such diversity demands tailored as well as standard solutions. No one vendor or internal IT department possesses the experience and economies of scale to perform IT activities most effectively. While some activities, especially stable IT activities with known requirements, can be easily outsourced through services readily available on the marketplace, outsourcing other IT activities requires much management attention, protection and nurturing to bring about business success.

**2.** "Tailored contracts are better than strategic partnerships. Too often, the rhetoric of 'strategic partnership' fails to translate into contractual terms which involve shared risks and rewards. Instead, it often results in poorly negotiated contracts which favor the vendors. Vendor account managers are rewarded for maximizing profits, in some instances by charging excess fees for services extending beyond the contract, or by reducing service levels — which in turn reduces the customers' service levels. In contrast, tailored contracts, which fully specify costs and requirements, are preferable. Tailored contracts involve buying-in vendor expertise to develop new technology and contracting the management and support for stable and well-defined IT activities or (if based on a long-term relationship) drawing up specifications which take account of complementary as well as shared goals.

**3.** "Short-term contracts are better than long-term contracts. Short-term contracts are more preferable to long-term contracts for several reasons. First, technology and business conditions cannot be predicted for more than three years, thus making contracts increasingly outdated as time progresses. Second, short-term contracts motivate vendor performance, because vendors realize customers may switch suppliers when the contract expires. Third, short-term contracts allow companies to recover and learn more quickly from mistakes.

4. "Outsourcing often involves substantial hidden costs, which need to be carefully ascertained and avoided. Unanticipated costs [were] a major drawback that consistently appeared in the deals we studied. Eleven sources of such costs are identified. Many spring from weaknesses in evaluation practice prior to signing contracts. Others involve weaknesses and oversights in contracting. In many cases organizations find themselves paying for the vendor's learning curve, are locked into old technologies with high switching costs, or incur large discretionary spending outside the contract with the vendor in order to maintain required service levels. Companies need to analyze fully and reduce all potential hidden costs before signing outsourcing contracts" (Johnson, 1998, p. 57).

*Too often, the rhetoric of 'strategic partnership' fails to translate into contractual terms which involve shared risks and rewards.*

**Spreading Risks**

Congruent with Lacity and Willcocks' lesson 1, Right Sourcing is Selective Sourcing, many companies have avoided large "umbrella" contracts and used multiple vendors in their outsourcing efforts. They use multiple contractors to perform specialized functions. Vendors are carefully selected for their expertise in a given function. This tactic spreads the risks of outsourcing. A single contractor is not able to "hold up" a client's entire operation. In discussing the trends based on his research, Willcocks makes the following observations:

"'First, you put less monopoly power in the hands of a single supplier, and you can switch out if things go badly,' he says. 'We found several examples of total outsourcing contracts where people were very unhappy with what they were getting, but the cost to switch out was so high that it was better to stay with the devil you knew than to deal with the added problem of switching.'

"Another benefit of having multiple suppliers is that you are appointing a vendor that is world-class at doing a specific task. No vendors, including the major ones, are very good at everything, he points out. But there are downsides to multiple vendors as well. There are, of course, higher management overhead costs, and a company may have to play referee between vendors. 'Often vendors won't share best practices amongst each other because they are potential competitors for future business at the organization and for other outside contracts,' he says. 'So there can be a certain amount of friction between vendors.'" (*Out-sourcing Academics*, 1999).

"Multiple vendor tactics do not come without cost. Each vendor added to the mix adds to the amount of expense that a client must incur to establish and manage contracts effectively. Multiple contractors must frequently interact with each other, and each has its own self-interest. Management coordination of this contracting structure is often difficult and expensive. Consultant Mike Johnson notes that, "…in many cases, single suppliers managed their own little portion of the process very well but were either unwilling or incapable of interacting with others. Because of this, managers in the sourcing company find themselves spending an increased, rather than a reduced, amount of time coordinating the process, arbitrating in sub-contractor disputes and demarcation lines of where one stops and the other begins" (Johnson, 1998, p.169).

*"You have to choose what is right for your organization, not base your decision and actions on the experience of others."*

Johnson also recognizes the pitfalls of the umbrella contract approach. He states "But the other side is that if you rely on one, major provider, say for all of your [Facilities Management] or all your [Information Management], you have the opposite: not enough management control and your hands severely tied. As I said earlier, you have to choose what is right for your organization, not base your decision and actions on the experience of others" (Johnson, 1998, p.170). The following example shows how one company was able to balance the opposing forces of risk and coordination in a multi-vendor approach:

"In 1993, the $13 billion British Petroleum (BP) Exploration Operating Company outsourced all of its information technology operations. Rather than outsource the work in one large contract to a single supplier, BP decided to buy IT services from three separate suppliers but required them to work together to provide a seamless service to BP's network of 42 businesses around the world. According to BP's head of IT, this outcome enabled BP to 'combine the flexibility and control of selective outsourcing with the comprehensive service offered by a single provider'. How this was achieved is an interesting story about how cooperation and competition can coexist and provide a mutually beneficial outcome.

"Like many other companies, BP was aware of some of the benefits of outsourcing IT functions — cost-cutting, increased flexibility, specialization, higher quality services. When BP was first considering outsourcing its own IT capabilities, it visited other companies that had outsourced IT and soon concluded that outsourcing to a single supplier was not suitable. BP believed that to do so was a mistake, because the firm became too dependent on the supplier's skills, management, technology and service know-how. In other words, the threat of 'hold-up' was too great. BP also realized that it did not want to fall into the trap of signing long-term contracts with IT service providers.

"After experimenting with small contracts for a number of years, BP was able to acquire some experience with managing outsourcing contracts. After dedicating some time to ensure that the entire organization understood the upcoming outsourcing process, BP turned to the market. Since it had already been decided that the contract would be awarded to a number of suppliers, 100 companies were sent requests for information in late 1991. The information package outlined the firm's commitment to refocus its IT department and summarized the scope of work to be outsourced.

"Following extensive analysis of the information provided, BP decided to conduct interviews with 16 U.S. and European companies, from which a short list of six was chosen. Rather than simply outline a detailed description of the specifications, BP decided that it might be better to determine how the suppliers would operate with each other—after all, such cooperation would be an essential characteristic if the new contract were to be a success. All six suppliers were subsequently invited to a workshop where they were able to test each other's capabilities and form alliances in order to meet BP's objectives. At the end of the week-long workshop, the six suppliers submitted five proposals covering an array of alliances, dividing responsibility among them and containing detailed solutions for all of BP's needs. The contract was awarded to a group of three suppliers — Sema Group, Science Applications International Corporation, and Syncordia — because its members were able to complement one another's services and expertise, create detailed responsibility allocations and ensure seamless integration and operations. European 'antitrust' laws prevented the three forming a formal alliance, so BP signed a separate agreement with each supplier. By testing the market and asking suppliers to create solutions to its needs, BP was able to get the best of both worlds—competitive prices and services, and cooperation between suppliers—without the significant hold-up threat which outsourcing often entails" (Cross, 1995).

If a firm decides to use a multi-vendor approach, it is much more likely to achieve success with a cooperative environment. Establishing a cooperative environment must begin as early as possible. Competitive forces between vendors create a natural barrier to cooperation. Cooperation must be a conscious decision, a stated component of contracting strategy and a management commitment. British Petroleum emphasized vendor cooperation early in the contracting process and made it a requirement for selection.

**Consolidating for Efficiency**

Umbrella contracts can match the savings of price competition between smaller vendors in several ways. Umbrella contracts can spread administrative overhead over a larger range of activities. When using multiple contracts, each contractor has an administrative/management structure that creates costs that must be recovered from the client organization. The contracting process for a single contract is much simpler than creation, solicitation, coordination and selection of multiple contractors. Contract monitoring is also more efficient. Ron Ouellette, manager of facilities and site services and Jay Pittenger, real estate and facilities controller for Microsoft Corporation identify shortfalls of the multiple vendor approach in an *FM Data Monthly* article:

"'A company that wholeheartedly embraces outsourcing can quickly find itself entering into agreements with more than a dozen different suppliers', cautions Ouellette. 'One vendor might oversee the cafeteria, while another manages mail delivery, a third handles equipment maintenance, and several others provide a gamut of services ranging from copying and reception to landscaping and snow removal.'

"This plethora of contracts can easily result in unwanted complexity and expense, for instance, the problem of overlapping accountabilities or the additional costs of subsidizing overhead and profit for several vendors. Perhaps most important, it also poses a threat to internal access to critical data. 'When you have multiple vendors with multiple systems owning multiple pieces of information, the risk of losing that data if the relationship terminates is huge,' says Pittenger.

"To minimize that risk, most of Microsoft's outsourced functions are consolidated under the umbrella of a single supplier in a new, integrated facilities management (IFM) model. After spending several months of due diligence investigating prospective vendors, in July 1997 Microsoft contracted with Johnson Controls World Services, Inc. to manage the vast majority of its facilities operations and maintenance tasks. Johnson Controls has elected to self-perform most functions, retaining subcontractors in a few areas like janitorial, landscaping and inter-company moves. Almost eight months into the agreement, Microsoft is confident that the IFM model has been a wise move, diminishing risk and relieving the company's growing pains.

"Pre-IFM, Microsoft had been dealing with 15 to 20 different suppliers who performed a variety of functions, some of which were peripheral to the providers' original competencies. Often, these vendors had migrated from their old roles as construction subcontractors to activities as on-going service providers in response to an immediate Microsoft need. For instance, the mechanical contractor on one new building wound up staffing the facilities service desk. 'The problem with that', explains Ouellette, 'is these functions do not represent their core business, so we were not necessarily dealing with best-in-class providers.'

"Other drawbacks surfaced. The fact that each supplier had its own support staff multiplied several-fold the number of individuals with whom Microsoft facilities personnel had to interact. The frequent transition of contractors into service providers prevented a totally clean hand-off from new construction to the operations group. Similarly, the multiple-vendor situation precluded the establishment of single points of accountability, which made repair needs unduly complex. 'When something broke, we had multiple contractors responding to fix it', says Ouellette. 'Then they had to figure out whose problem it was. We probably incurred unnecessary charges because of that situation. We called it maintenance by convergence'" (*FM Data Monthly*, 1998).

**About the Author**

Charlie Ulfig is lead managerial accountant at the customer order control point in the headquarters of the Army Materiel Command's Operations Support Command at Rock Island Arsenal, Ill. A former Army bandsman, University of Illinois-schooled accountant and private sector careerist, Ulfig joined the Army as a civilian in 1985. This student paper of his in the 1999 class of the Army Comptrollership Program at Syracuse University won the class research award.

Microsoft , however, realizes that the "umbrella" concept has limitations. "IFM has greatly streamlined facilities management at Microsoft, but it has not completely eliminated other suppliers. Independent vendors still furnish reception, food, mail and copy services to the Redmond campus. Why didn't Microsoft push the integrated concept all the way through the organization? The reason lies in the distinction between what it calls building-centric and customer-centric services. According to Ouellette, because the latter entail more interaction with individuals, they are better filled by best-in-class providers.

"'Microsoft management did not want to be too far removed from business units that are very customer-centric,' he says. 'For instance, by dealing with the food service provider directly, we take away the layer of contractor managing contractor. It's important to remain closer to these customer relationships.'

"In contrast, that extra layer is not nearly as significant for building-centric activities. 'Our IFM supplier actually manages our cleaning vendor,' says Ouellette. 'I'm much more removed from janitorial services, and the risk is much lower if they have to go through our contractor before they get to me'" (*FM Data Monthly*, 1998).

*In the next issue of RM, the author concludes with Part 2 by suggesting how the Army might learn from the experiences of private industry in making, managing and living with make-or-buy decisions.*

## CP 11s take note: ACCES referral notice alert

Careerists have reported non-referral problems traced to conflicts between information in "referral desires" (what series and grades you want, by grade number, 12, 13, 14, 15) and "geographic availability" (for "same grade," "higher grade," "lower grade") parts of the on-line Easy ACCES layout.

These have to match; they can't be contradictory. For example, if you're a GS-12 available only for laterals to GS-560-12 jobs, and you had only "higher grade" X'd opposite Fort Riley, Kansas, on the "geo" form, you wouldn't get considered for either a 560-12 or a 560-13 at Riley, because the system can't tell what you really want.

In this situation, an error message or warning should appear to alert careerists to the contradiction; but, don't count on it. Check and scrub your Easy ACCES records *now*, in referral desires and geographic availability; go through each and every possible combination and outcome, and satisfy yourself there are no contradictions. And remember: if you're an 11, you can't go for "same grade," anywhere; and if you're a 12, you can't go for "lower grade" anywhere; because ACCES doesn't apply to GS-11 vacancies, which is what you'd be asking for.

# The Army's annual financial report: Intended audience and impact

by Capt. Anthony Gautier and Phyllis Korcz

Our purpose in this research effort was to evaluate the narrative portion of the Army's annual financial report. To accomplish this we compared the Army's 1999 report to those of four publicly traded corporations, Deere & Company, Merck & Company, Ford Motor Company and Fluor Corporation.

These corporations were selected based on scope and complexity of their operations, their global presence and management initiatives. We will analyze the corporations' annual report narratives in detail in the concluding installment of this article, in the next issue of RM.

While we found many similarities between the selected corporations and the Army, we also noted significant differences. The clear purpose of a corporate annual financial report is to provide shareholders information on the company's status and specifically its plans to increase shareholders' wealth. The Army's annual report contains over 100 pages of narrative covering the General Fund, the Civil Works Program and Army Working Capital Fund, three major types of funding.

The Army is concerned with ensuring readiness today and tomorrow. The purpose and intended audience of the Army annual financial report are less clear. While the main investors in the Army are our country's citizens, the report is not something most of us would be interested in reading.

Our analysis led us to conclude that the Army's intended audience is most likely the Congress (to support funding issues), senior members of the executive branch (perhaps Office of Management and Budget), and senior service members. We have some doubt as to the Army's knowledge of who will actually read the report, given that the Army solicits this type of input in the form of an opinion survey card provided postage-paid within the report. We believe the main purpose of the Army's annual financial report is to justify funding levels.

In Part 2, next issue, we recommend some changes to the Army's report to make it a more readable and focused document. Of the corporate annual reports we reviewed, we selected Merck & Company's as the most informative for its provision of past, present and future performance goals.

The Army's report would be enhanced by additional information of this type. Fluor Corporation provided the best example of format, with brief summaries and charts positioned throughout the report to allow for skimming and reviewing of report contents.

The Army's report was rather difficult to read and would benefit from some brief overviews of its detailed sections on performance goals and measures. We also believe the Army's annual report should provide a message to the service members. In this capacity, the annual report would be better received if it included a message from the Army chief of staff in addition to the messages from the civilian Secretaries.

*The clear purpose of a corporate annual financial report is to provide shareholders information on the company's status and specifically its plans to increase shareholders' wealth*

Now let's take a look at the Army financial report for fiscal year 1999. It's published in hard copy as well as online via the Army homepage. The hard copy is a 314-page soft cover, professionally published document with glossy photos and graphics. The non-financial portion of it includes messages from key Army officials as well as overviews of the Army as a whole and by major programs.

The target audience is Congress, Army personnel, informed stakeholders, contractors, allies and enemies, with the first two being the most likely targets. The general public — the true investors — are not addressed in this publication. The Army includes a comment card at the end of the report which may serve as a means to learn who exactly is reading it.

The Secretary of the Army, Assistant Secretary of the Army (Financial Management and

Comptroller) and Assistant Secretary of the Army (Civil Works) provide messages to the reader. Army Secretary Louis Caldera describes the service's changing mission and roles and its current resource issues. He emphasizes the critical decisions facing commanders in balancing scarce resources to support current training and readiness plus force modernization requirements and future readiness. Caldera discusses impact of the Chief Financial Officers Act of 1990 and how the Army is improving its financial statements to meet the goal of an "unqualified" (without reservation) audit opinion, thus improving the quality of financial information.

*The Army evaluates its success in this area by the academic achievements of new soldiers and officers and the rate of retention for current soldiers.*

Financial Management Assistant Secretary Helen T. McCoy also emphasizes tough choices commanders face in resource allocation. She speaks of embracing change and addresses new Army initiatives to achieve efficiencies and integrate systems. McCoy also describes Army efforts toward receiving an unqualified audit opinion and a five-year strategic plan to improve business processes and systems.

Civil Works Assistant Secretary Joseph W. Westphal recounts civil works program contributions to the nation's superpower status and to citizens' quality of life, noting also the program's requirement to improve efficiencies. The Corps of Engineers' financial management system is upheld as an example of the overall program's accountability. While Civil Works had not yet received an unqualified audit opinion as of the end-of-1999 report, Westphal maintained it was well on its way toward doing so.

The "Year in Review" portion of the annual report provides highlights of key objectives and issues for the Army. Most corporate annual reports also provide a synopsis of results at either the corporate or the divisional level.

Training, both individual and collective, is a major focus for the Army. In fiscal 1999 the Army trained 105,034 soldiers in basic entry-level skills and 625,286 soldiers in its different military occupational specialties. Several rotations of collective training were conducted at various Army training centers in the U.S. and overseas. Even with these significant statistics, operating tempo, the measuring stick of programmed support of training readiness, was funded in 1999 below the level necessary to support the Army's combined arms training strategy.

Congress established end-strength goals for the number of active component, National Guard, and Army Reserve soldiers. The Guard and Reserve will continue to downsize to meet the goals set in the most recent quadrennial defense review.

Recruiting and retention are critical to the Army's success, as the national military strategy requires the Army to achieve more with fewer people. The Army focuses on the quality of personnel to meet its manpower goals. To support the goals, the report lists as objectives to:

**1**. Recruit high-quality, non-prior-service personnel

**2.** Retain high-quality soldiers and

**3.** Sustain the required numbers of active component commissioned officers by skill and grade.[1]

The Army evaluates its success in this area by the academic achievements of new soldiers and officers and the rate of retention for current soldiers.

The Army's top quality of life issue is housing. Family housing improvements and barracks modernization are linked to successful recruitment and retention. Accordingly, the Army dedicated significant resources toward improving and maintaining family and permanent-party facilities.

The Army plans to develop a resource strategy to modernize trainee barracks in fiscal 2000. In 1999 the Army completed contracts to build 840 new family housing units, to renovate 1823 existing houses and to manage family housing at Fort Carson, Colo. The Army explored privatizing 13,711 family housing units at three other installations. Additionally, it demolished 620 substandard family housing units and awarded contracts for housing a total of 11,700 soldiers.

For the past nine years, the Army has prepared its financial statements in accordance with the CFO Act of 1990. It has not yet been able to achieve an unqualified audit opinion but has recorded improvements in accounting controls, processes and systems. The Army's 5-year strategic plan lists individual tasks that it says will lead to an unqualified audit opinion. It completed a significant number of these tasks in 1999 and plans to attain its ultimate goal with financial statements for fiscal 2003. The Army's main challenge is to balance limited resources to maintain readiness while preparing for the future. The Army hopes to take advantage of technological progress and quality personnel to accomplish this. Following is our detailed analysis of the Army report.

**Readiness and the National Military Strategy**

The NMS establishes the basis for defining readiness. According to the Army's report, the end of the Cold War has forced dramatic change to the NMS. The Army is no longer focused on one overwhelming threat. Today's NMS is to fight and win the nation's wars, plus new requirements for peacekeeping missions, nation building, humanitarian assistance, domestic requirements for disaster relief and counter-drug operations.

The Army's readiness is critical to meet NMS demands. Today's Army must have the right people, training, leader development, proper force mix, modern equipment and relevant doctrine.

To meet the NMS goal, the Army has adopted a two-part strategy. First are the forward-based forces in Korea and Europe, which continually demonstrate Army resolve to protect this nation's interest. Second is the continental U.S.-based power projection platform that can deliver forces anywhere in the world.

**Managing Risk**

Faced with restricted resources, the Army used base operations, real property maintenance and modernization as bill payers for risk management, but cannot continue without serious repercussions to training, maintenance and deployment facilities. Continued underfunding of these accounts has led to commanders taking funds from training to support these issues. This creates a risk to lower-tiered units' readiness. Modernization holds greatest risk, because its primary obligation is readiness. Due to limited resources, the Army warns that only the projects with the highest priority receive funding.

**Delivering the Right Capabilities Today**

The Army's vision identifies its capabilities needed to fulfill its role in supporting the NMS. The synchronization of the Army's six imperatives — high-quality people, training, force mix, doctrine, modern equipment and leader development — will enable it to develop a force that is ready and able to execute the NMS. Furthermore, the Army must maintain the proper mix of active, Reserve, National Guard and civilian employees. Active and Reserve soldiers must be integrated to be successful and minimize the use of resources. Finally, the NMS requires the Army to respond to worldwide contingencies. In the past year the Army has maintained its readiness and honed its deployment skills by numerous deployments, supporting both real-world events and training exercises.

**21st Century Readiness: Knowing What to Change**

The Army's ability to exploit information technology is critical for maintaining the necessary advantage to deter and eliminate tomorrow's threat. The so-called "revolution in military affairs" or RMA will ensure fulfillment of the NMS of tomorrow. By providing its forces superior information and communication equipment, the Army will increase commanders' situational awareness, and that in turn leads to improved survivability, agility and lethality on the battlefield of tomorrow. In addition to the RMA, a similar revolution in military logistics or RML will provide real-time logistics awareness. With the use of information technology, the Army will better direct critical resources to the battlefield modernization plan. Army's modernization goal is to maintain current readiness and assure future readiness. It has adopted a two-stage plan to ensure it reaches modernization objectives. The first stage leverages technology to achieve maximum interoperability within brigade combat teams and among Reserve component and joint force partners. Stage two focuses on using information technology dominance to become a lighter and more agile force.

**Preserving Our Values**

Although the Army is going through a revolutionary change, the values that underlie it —

Duty, Honor, Courage, Loyalty, Courage, Integrity, Respect, Service — remain the same. The Army notes that the societal norm may be contradicting its traditional values. To counteract external influences, the Army has taken step-by-step proactive measures to reinforce its values in its soldiers. The Army increased its equal opportunity advisors by more than 40 percent, and it has instituted a "consideration of others" program, focusing on small group diversity discussions.

**Performance Results — Supporting DoD Corporate Goals**

In the report, 28 pages are taken up with detailed descriptions of performance goals and results. This is the longest section of the report, and it appears the Army is throwing out a broad spectrum of programs and initiatives to appeal to all possible stakeholders of these programs, but most likely to justify funding and support. This section contains the heart of the Army's agenda but is difficult to follow and probably will lose most readers. The depth of detail makes the reading slow, and the reader can easily get bogged down in details without clearly understanding how all the goals and objectives tie together.

In 1993 the Government Performance and Results Act (GPRA) established the requirement for federal agencies to improve program effectiveness and accountability. Federal agencies are required to submit strategic plans that identify measurable goals and objectives. In response to this requirement, the DoD in 1997 did its first quadrennial defense review or QDR, which now serves as its strategic plan. The department also developed two corporate goals, with corresponding performance goals in support of the QDR. The Army in turn established goals, objectives and performance measures to support the DoD goals, and the annual report explains them and evaluates its performance against them.

The first DoD corporate goal is to "shape the international environment and respond to the full spectrum of crisis by providing appropriately sized, positioned, and mobile forces."[2] Supporting the first corporate goal are three annual performance goals: (1) Support U.S. regional security alliance through military-to-military contacts and the routine presence of ready forces overseas, maintained at force levels determined by the QDR; (2) Maintain ready forces and ensure they have the training necessary to provide the U.S. the ability to shape the international environment and to respond to any crisis; and (3) Maintain sufficient airlift and sealift capability with adequate pre-positioning to move military forces from the U.S. to any location in the world.[3]

The Army uses 11 performance measures to evaluate its support of the first corporate DoD goals. These are provided as elements of force structure, personnel tempo or "PERSTEMPO," mobilization and deployment of Reserve components, training, sustainment, major weapon system readiness, and global pre-positioning. The recent downsizing of the military and the increased number of deployments are the framework for discussing Army goals and performance. In comparing the Army's report to our corporate examples, we will focus on issues relating to personnel and training and to those tied to logistics support. These issues are most comparable to corporate concerns.

The Army maintains a tremendous focus on personnel and training, which receives significantly greater documentation in its annual report than in corporate examples. The increased deployments and reduced force structures create pressures the Army tries to mitigate by setting ceilings for the duration of unit deployments. While our corporate examples all have international presence, none list concerns for personnel rotation as an issue. Training is fundamental to the Army's critical success factor of readiness and is the largest program supporting the first DoD corporate goal. The Army annual report lists various individual and unit-level training measures that assess numbers trained, attempt to link readiness and resources, and attempt ultimately to develop a superior measurement to define readiness. The corporate examples make very little mention of training, which is probably due to the difference in the anticipated audiences of the reports. The stockholders of corporations are more interested in efforts to improve the bottom line. In corporate reports, adequate training seems to be assumed.

Logistics abilities and efficiencies are a major focus of the Army. The report measures the readiness status of its major weapons systems to evaluate their ability to project combat power.

Global pre-positioning of weapons and equipment are also vital logistics functions detailed in the report. None of our corporate examples have such critical needs for contingency planning and the associated requirement for logistical support. Fluor and Deere are providing leased fleets and/or individual equipment items, with Fluor providing more significant international presence, but both have the option of choosing their markets based on cost benefit analysis. The Army assesses threats as opposed to profit motives and must be prepared to respond anywhere, at any time.

**The Second DoD Goal**

Formally stated, it is to "Prepare now for an uncertain future by pursuing a force modernization effort that maintains U. S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs and the reengineer the Department to achieve a 21st century infrastructure."[4] In support of DoD Goal 2, the Army identified these four annual performance goals:

**1.** Recruit, retain and develop personnel to maintain a highly skilled and motivated force capable of meeting tomorrow's challenges.

**2.** Transform U.S. forces of the future.

**3.** Streamline the defense infrastructure by redesigning the DoD's support structure and pursuing business practice reforms.

**4.** Serve the needs of combat forces more quickly and more efficiently, with products and services that work better and cost less, by improving the efficiency of the DoD's acquisition process.[5]

To attain these performance goals, the Army identified 22 supporting performance measures in 12 separate categories. They cover everything from recruiting and retention, force end strength, family housing initiatives, morale, welfare and recreation programs and a host of other categories. The ones we will focus on are information technology and environmental stewardship.

The Army will support a major portion of DoD Goal 2 by leveraging technology. The Army's chief information officer has a charter requiring use of technology to create the most lethal and agile maneuverable land force in the world. The Army acquired over $400 million in fiscal 1999 to support command, control, communication, computers and intelligence or C4I in support of its long-range plan. Some of these initiatives are Army knowledge online, electronic commerce, and the digitizing of command and control functions of divisions on the battlefield.

The Army is continually adopting best business practices to achieve cost savings and increase effectiveness. The internet resource links and the Army's increased internet access are examples of these practices. To enhance readiness, the Army is adopting technology to increase distance learning as a way to improve training effectiveness. Finally, to train the force to deploy and fight, the Army adopted computer-based training as a tool to increase the use of distance learning. In 1999, over 62,000 soldiers received computer-based training.

*The Army is continually adopting best business practices to achieve cost savings and increase effectiveness*

In the environmental stewardship area, the Army developed a five-pronged strategy to support environmental issues in its mission. The Army wants to comply with all regulations at home and abroad and develop cost-effective sustainment procedures. Its leaders want to manage land use to conserve natural and cultural resources. Low cost pollution prevention strategies that ensure compliance today and future regulatory mandates are being adopted. Because of base realignment and closure or BRAC, cleaning up contaminated lands is a big issue for the Army, which remains committed to restoring all federal land it once occupied. Finally, the Army will use technology as a cost-effective way to restore its contaminated properties.

The above two areas are singled out here because of their resource intensiveness—they are both very expensive. The Army wants its target audience, primarily Congress, to know that its technology initiatives must be funded to support the NMS. Despite the high cost, Army officials believe, it's the only way the Army can support and defend this nation. Environmental compliance is also a huge drain on resources. The Army dedicated five pages in the general fund section to justify its environmental initiative, to ensure that funding would be made available.

Army end strength was a concern in addressing the second DoD corporate goal. The QDR recommendation of 480,000 active military is difficult to achieve when the demands of operational forces are ever increasing. Because of this, the remaining reduction of 25,000 Reserve component personnel has been deferred.

**Civil Works**

The Army spends 24 pages on its civil works missions, programs and objectives. As introduced by Assistant Secretary Westphal, the civil works is a unique entity under the Army. Its missions are not primarily focused on supporting the Army readiness; rather, its primary mission is to maintain the country's waterways.

In support of this mission, it focuses on such programs as navigation, flood and coastal storm damage reduction, environment, regulatory, hydropower, recreation, emergency management, financial management and support for others.

The report explains that each of the business programs is capable of contributing to military preparedness but is primarily concerned with contributing to the economy and quality of life of America's citizens. Congress provides direct funding for all the programs except support for others, which is funded by customer reimbursements.

As is the focus of the general fund portion of the Army's annual report, the civil works portion discusses improvements and efficiencies.

The program and project management business process or PMBP initiative is a team-based management program to provide comprehensive customer service and support, since the previous system's fragmented services were not meeting customer expectations. PMBP is not yet fully realized, as it is a radical departure from the previous business model. The civil works program is encouraging efficiencies through competition in its administration and infrastructure by allowing field managers to purchase support from any of the district offices, not just from their parent office.

In keeping with GPRA requirements for goals, the civil works program lists theirs as

**1.** Enhancing national economic prosperity through water resources management and infrastructure

**2.** Restoring water and related land resources

**3.** Providing timely, effective, and efficient disaster support.

As noted in Westphal's letter, the Corps of Engineers' financial management system, known as CEFMS, has received praise as producing financial reports that are the closest thing the Army has to earning an unqualified audit opinion. The report lists additional management initiatives such as electronic commerce and inventory management that streamline business practices.

**Army Working Capital Fund**

Included in the Army report's non-financial pages is a 35-page section on the Army's working capital fund or AWCF. It's a revolving fund that plays a critical role by providing industrial and commercial services to the Army's operating forces and other services. AWCF enhances Army support of NMS by promoting a continually high state of readiness, in four major logisti-


**About the Authors**

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Korcz and Gautier collaborated on this article as their student research project at the Army Comptrollership Program at Syracuse University, from which they graduated last August and won the class award for best research paper.

cal activity groups:

**1.** "Supply Management, Army" ensures that it has a constant and ready availability of parts;

**2.** "Depot Maintenance" performs major overhauls and repairs to major systems

**3.** "Ordnance" manufactures, renovates and demilitarizes materiel for all DoD services

**4.** "Information Service" develops and sustains automated information and software.[6]

The ultimate goal of these four groups is optimal balance among quality, timeliness and cost.

The AWCF portion provides its audience, mainly Congress, two types of information. First, it covers financial performance of AWCF and its four groups in terms of customer revenue, sales and direct labor hours as the measures of choice.

Cash management is centralized at the corporate level. Charts focus on variances between planned and actual activities affecting collections and disbursements.

In 1999, AWCF was able to maintain cash balances above or slightly below its target level.

Secondly, there is much emphasis on the important role AWCF plays in readiness and on its justification for being and regular replenishment.

Management's initiatives to make the AWCF streamlined and efficient include establishment of a single stock fund to vertically integrate the logistics infrastructure by merging retail and wholesale stocks.

The fund would provide visibility to all types of stock, affording the Army Materiel Command the ability to see and act on shortages and excesses across the Army.

As long as the AWCF continues to operate without shortfall, Congress can be expected to continue allowing it to operate without much scrutiny. These positive steps help reinforce to Congress that AWCF is a program worth having and that continued support is necessary to maintain the Army at a high state of readiness.

In the next issue, we'll compare the Army's report with its counterparts from the four large international corporations mentioned at the beginning and offer some recommendations from those reports that we think the Army could use to make its report more comprehensive, more interesting, and more citizen-friendly.

**Notes**

**1.** *United States Army Annual Report*, (n.p., n.d.), p. 3

**2.** Ibid, p. 15

**3.** Ibid

**4.** Ibid, p. 24

**5.** Ibid

**6.** Ibid, p. 58

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**1.** United States Army Annual Financial Report: Fiscal Year 1999 (n.d., n.p.)

## AMSC SBLM Class 00-2

The Army Management Staff College's Sustaining Base Leadership and Management Program Class 00-2 graduated last August.

The Comptroller Civilian Career Program had 9 students, from six commands or agencies and the Headquarters. During the intense course, students worked on creative and unconventional solutions to familiar problems. They focused on "big-picture" issues like why we have an Army; how we design it; how we staff, equip, sustain, support, and station the Army; and issues in leadership, management, decision-making and stewardship that Army civilian leaders have to deal with.

Congratulations and an outside-the-box salute to all graduates!

| NAME | COMMAND |
|---|---|
| Carol J. Bryant | MDW |
| Carolyn T. Clark | AMC |
| John Arthur Hagler | AMC |
| Hanna B. Hooper | USAREUR |
| Philip J. Jessup | AMC |
| Margaret F. Lipsey | AAA |
| Veronica A. Palmer | HQDA |
| Naresh C. Patram | FORSCOM |
| Jack R. Van Den Beldt | USAREUR |

# Developmental assignment opportunities available at the U.S. Army Audit Agency

**by Laura A. Perez and Marsha Popp**

Have you ever considered applying for a developmental assignment? The Army Audit Agency is currently recruiting comptroller careerists to fill seven developmental assignments, one in automation and six in auditing.

What is it like working for Army Audit when you're not an auditor?

In an effort to bring functional diversity to its workforce, the agency has hired several graduates of the Syracuse University Army Comptrollership Program from other specialized functional areas such as series 343, 560 and 1515. Here are perspectives from two AAA employees in non-auditor job series.

**Laura A. Perez**

*Management analyst, Europe field office*

I've applied my resource management background and skills to audit and consulting engagements at both the major command and installation levels. I've also taken full advantage of professional development opportunities AAA has offered.

The agency's audit assignments cover a wide range of issue areas. I've used my analytical skills to help shape issue areas by developing detailed audit plans and objectives. I've gained valuable experience in Army operational areas such as logistics, maintenance, installation management and contingency operations.

During these assignments I had the opportunity to follow issues through the entire audit process, from initial identification to final audit report. Experience gathering and analyzing audit evidence, interviewing functional personnel, and preparing working papers and audit reports have allowed me to hone my communication and analytical skills.

Additionally, the agency places emphasis on professional development and career growth.

After receiving agency-sponsored training in commercial activities and activity-based costing, I immediately had the opportunity to apply the knowledge to a competitive sourcing study and an activity-based costing project for U.S. Army Europe and Seventh Army.

For CP 11 careerists, a developmental assignment with AAA can provide exposure to daily operations, systems and functional personnel in a variety of Army operational areas. This can prove invaluable when making future resource decisions and can offer great opportunity for professional development and career growth.

**Marsha Popp**

*Operations research analyst, Fort Belvoir*

During my two years with the Army Audit Agency, I've worked on commercial activities studies and activity-based costing projects.

Because my previous Army jobs were at headquarters, these last two years have allowed me to acquire a much better understanding of installation life.

Before working with auditors, I never thought about things like cutting grass around water towers or filling up the sand at playgrounds. Now I have a better appreciation of the work it takes to keep an installation running.

I have also worked with exceptional Army employees at Fort Lewis, Wash., Fort Eustis, Va., and Fort Monroe, Va. As a visitor who would be disrupting normal workflow,

I didn't expect an abundance of hospitality. I was pleasantly surprised when installation employees greeted us warmly. They patiently answered questions and provided the voluminous data neede for the auditing process.

I must admit, after seeing how auditors index their work, I was apprehensive about whether I would be able to audit, but I soon found that the skills I had acquired as a 1515 cost analyst were adaptable.

Although the first drafts of my working papers and audit report were probably some of the worst audit writing the agency had ever seen, I did have the facts. My skills for interviewing, collecting and analyzing data were fine. I just had to learn how to transform my products into a style or format that AAA could use.

**Benefits of developmental assignments**

The rewards and benefits of a developmental assignment at Army Audit Agency are twofold. While the agency benefits from the skills and functional expertise that CP 11 careerists impart to audits and consulting engagements, the assignees can gain valuable experience in the full spectrum of Army operations. During developmental assignments, careerists can broaden knowledge and perspective of diverse financial and operational issues that cut across DA proponents' lines.

**Gain functional expertise**

Do you need skills outside your main functional area? Training plans and career paths traditionally have focused on the specialized knowledge, skills and abilities of each individual job series.

However, with continuing pressure from Congress to reduce costs and downsize the federal workforce, careerists must now become multifunctional and multi-skilled analysts capable of performing a variety of resource management tasks.

A developmental assignment with AAA can give careerists experience in auditing as well as another discipline. A careerist may choose an assignment from diverse Army operational areas such as general fund accounting, environmental issues, information technology, logistics, acquisition, research and development, health care, maintenance, commercial activities studies or activity-based costing.

**Broaden your perspective**

Have you spent your entire career at the departmental headquarters, the major command or the installation level?

Would you like the opportunity to travel? During a developmental assignment with AAA, careerists can work on audit assignments that span Army operational levels in a number of disparate locations.

The agency has 24 field offices in the mainland U.S., Hawaii, Korea and Germany. Some assignments provide frequent travel opportunities, while others are performed at one location and have no travel requirement.

Developmental assignments enable careerists to increase their knowledge of Army sites and operations.

Careerists aiming for a total-force perspective may want to multiply benefits of a developmental assignment by attending the Sustaining Base Leadership and Management Program at the Army Management Staff College as a precursor or complement to the assignment.

**Setting up a developmental assignment**

How should you set up a developmental assignment that enhances your career goals? Developmental assignments are established through a memorandum of understanding between the selectee and the organization with the opportunity. For maximum benefit:

- Ask your present supervisor what skills and proficiencies you require for career advancement.
- Talk to other careerists who have participated in developmental assignments to discover what aspects of their assignments worked well.
- Discuss the prospective assignment with the developmental supervisor, and identify specific projects that will benefit the organization and further your career goals.
- Establish performance objectives and standards that will enhance your professional development and credentials.
- Define the assignment's duration and travel requirements.

In today's dynamic resource management environment, a developmental assignment at Army Audit Agency can provide opportunity to gain multi-disciplined skills, training and experience you may need to succeed.

Developmental assignment opportunity announcements with AAA and other Army organizations, along with selection procedures and application instructions, are available at the Comptroller Proponency Office Web site, http://www.asafm.army.mil/proponency/cp11/cp11.htm. Comptroller careerists from all job series, including 511, are welcome to apply.

To obtain more information about developmental assignments with Army Audit Agency and elsewhere in the Army, readers can contact Jim Auchter at the Comptroller Proponency Office at DSN 227-1985 or send e-mail to James.Auchter@hqda.army.mil.

**About the Authors**

Laura Perez and Marsha Popp are with the U.S. Army Audit Agency as the result of post-graduate operational assignments accepted in conjunction with selection for (and their 1998 graduation from) the Army Comptrollership Program at Syracuse University. Both are also Army intern graduates. Perez's undergraduate degree is in Business from the University of San Francisco, and Popp's is in Environmental Science and International Affairs. Popp also completed the Women's Executive Leadership Program.

# Gift-giving: A matter of ethics

**by Matt Reres**

At the recent Army internal review symposium in Scottsdale, Ariz., Auditor General Gene Reardon presented Assistant Secretary of the Army (Financial Management and Comptroller) Helen McCoy a gift certificate during one of the plenary sessions. Reardon and several of his colleagues had earlier collaborated on the idea of a gift certificate to thank McCoy for her long and valuable support to the auditing community. The gift certificate represented $200 in personal contributions collected from multiple sources within the auditing community.

Although McCoy assumed that the thank you had been scrutinized from an ethical perspective, she conditionally accepted the gift certificate when Reardon suggested that she ask her ethics counselor to review the matter as soon as she returned to the Pentagon. Once back at her office, McCoy immediately contacted her ethics counselor, who advised her to return the exact dollar amount of the gift certificate to Reardon. In turn, Reardon restored every dollar to the individual who had collected the contributions for the gift.

The underlying reason for this chain of events was motivated by the best of intentions — a formal "thank you" before the entire assembly to recognize McCoy for her many and substantial contributions to the auditors of the Army. Without question, the ethical standards of both McCoy and Reardon are above reproach. Each of these individuals is always motivated by the personal credo: "Do the right thing!"

Yet, an ethical misadventure almost occurred. The primary reason for this close call was that no one in the auditing community had approached an ethics counselor early in the process to determine the propriety of the "thank you." Fortunately, both Reardon and McCoy sensed at the last moment the lurking ethics issue that prompted each to seek an ethics analysis as soon as they returned from the symposium.

The ethical analysis applied in this case, one that must be applied in every case involving a potential gift, is set forth below. This analysis is based on provisions of the published Standards of Ethical Conduct for Employees of the Executive Branch and the provisions of the Joint Ethics Regulation. As we know, these provisions establish the minimum standards expected of us who serve in the Defense Department. But as we also know, common sense, good judgment and good intentions are no substitute for knowledge and adherence to the high ethical standards demanded of us.

**Gifts**

"A gift includes any gratuity, favor, discount, entertainment, hospitality, loan, forbearance or other item having monetary value. It includes services as well as gifts of training, transportation, local travel, lodgings and meals, whether provided in kind, by purchase of a ticket, payment in advance or reimbursement after the expense has been incurred."

**Gifts From Outside Sources**

"How do I know when I may accept or must refuse a gift?" With few exceptions, you may never ask for or accept a gift from anyone who is giving the gift to you because of your government position. Ask yourself if the gift would have been offered if you were *not* working for the government. If the answer is no, then the gift is being offered because of your government position, and you must refuse it.

Also, you may never ask for or accept a gift from people or organizations who do business with or seek to do business with your agency, who seek some official action by your agency or who have activities regulated by your agency. Gifts from these people or groups are prohibited whether or not you deal with them while performing your official duties. You must also turn down a gift from someone who has interests that may be significantly affected by you when you are performing your official responsibilities.

"What about accepting a cup of coffee?" A cup of coffee may be accepted. It is such a modest refreshment that it is not considered as a gift. Accordingly, you may accept a cup of coffee without worrying about who is giving it or why. Other inexpensive food and refreshment items such as donuts or soda may also be accepted. There are some other items as well that are not considered gifts, such as greeting cards and bank loans at commercial rates. But remember that the definition of a gift is very broad. Generally, anything that has a monetary value is considered a gift. So if you have a question about a gift, ask your ethics counselor.

"May I accept a meal?" As with most ethics issues, a full exposition of the facts is required to reach a sound conclusion. A meal is generally viewed as a gift. If the person who wants to pay for your meal is regulated by, does business with, or seeks official action by your agency, or is affected by the official duties you perform, or if the meal is offered because of your official position, then the general rule on gifts applies and you must refuse it. You may, however, be able to accept a meal under an exception for gifts that are valued at $20 or less. But you are prohibited from accepting too many meals as a guest from the same person ... there is a $50 per year limit on gifts from any one source. Remember: If you are a procurement official, you may not accept a meal or any other gift worth more than $10 from a competing contractor.

"Can the $20 exception be used for any gifts other than a meal?" Yes, but: No Cash! The exception may be used to accept any gift valued at no more than $20. You must be certain that the value of the gift is not greater than $20. The rule allows you to accept gifts worth $20 or less on a *single* occasion. That means if several gifts are given at the same time, the total value of the gifts may not exceed $20. And remember, there is a $50 per year limit on gifts from the same source.

There are other exceptions that would allow you to accept gifts, which would otherwise be prohibited, such as the "friends and family" exception for gifts based on personal relationships.

Other examples are special discounts available through your agency credit union and gifts that result from an outside job when they are not given because of your government position. Before using an exception, the best course to follow is to ask your ethics official about it. Your ethics official can also tell you how you may properly dispose of a gift that you have received but are not allowed to keep.

**Gifts Between Employees**

"What about gifts to one's superior?" With a few exceptions, the general rule is that you may not give, make a donation to, or ask for contributions for, a gift to your official superior. An official superior includes your immediate supervisor and anyone above your supervisor in the chain of command in your agency. Also, an employee may not accept a gift from another employee who earns less pay, unless the person giving the gift is not a subordinate *and* the gift is based on a strictly personal relationship.

"When can I give my superior a gift?" There are certain circumstances in which gift giving is permitted. You may give a gift on an occasion when gifts are traditionally given or exchanged, such as a birthday. Gifts valued at $10 or less — but not cash — are permitted.

You may contribute a nominal amount for or bring food that will be shared in the office among several employees, including your superior. You may also invite your superior to your home for a meal or a party. If your superior invites you to his or her home, you may take the same type of gift for your superior that you would normally take to anyone else's home for a similar occasion.

You may also give your superior a gift on a special, infrequent occasion of personal significance such as marriage, illness, birth or adoption. And you may give your superior a gift on an occasion that ends your employee-superior relationship, such as retirement, resignation or transfer. For these special, infrequent occasions, employees are allowed to ask for contributions of nominal amounts from fellow employees on a strictly voluntary basis for a group gift. But this type of contribution is strictly voluntary. No one may pressure you to give a gift or contribute to a group gift.

Each of us in DoD has the *personal* and *primary* responsibility for knowing and complying with provisions of the Standards of Ethical Conduct for Employees of the Executive Branch and those of the Joint Ethics Regulation. That duty is ours and ours alone. While we may look to our ethics counselors for advice and counsel, we must look to ourselves for satisfying the high ethical standards demanded of us by the law and by the public we serve.

**About the Author**

Matt Reres is the Army's Deputy General Counsel (Ethics & Fiscal) and the proponent for the Web-based Army Fiscal Law course.

# PERSPECTIVES

**OFFICE, ASSISTANT SECRETARY OF THE ARMY**
**(FINANCIAL MANAGEMENT & COMPTROLLER)**

***The following sections were written by different OASA(FM&C) deputies. Not every deputy will provide input for this feature.***

## Cost Analysis Perspective

*The U.S. Army Environmental Costing Program*

**by Robert W. Young**

Thirty years ago, the National Environmental Policy Act established our national charter to protect our environment. Recently environmental costs, such as restoration and cleanup within the Department of Defense, have increased dramatically, due primarily to stronger and more stringent environmental, legislative and regulatory requirements.

The result is that identification and estimation of environmental costs have become more critical than ever. In May 1999, the Army vice chief of staff issued the policy for funding environmental requirements. In November 1999, an Army environmental costing integrated process team charter was signed, instituting environmental costing as an official Army cost analysis field.

Environmental cost estimating guidance is now available to cost analysts in the *Army Cost Analysis Manual*, produced by the U.S. Army Cost and Economic Analysis Center (CEAC) and available on the worldwide web at:

http://www.ceac.army.mil.

I want to give you a brief overview of the major issues involved in the Army's environmental cost estimating program.

Defense and Army leaders have stressed the importance of life cycle management and the need to reduce the total ownership costs. Acquisition programs are to optimize total system performance while minimizing total ownership costs.

Program Managers must ensure that all aspects of system support have been considered. Logistics, manpower, personnel, training, system safety, health hazards, habitability, survivability, human factors engineering, environmental, security, and command-control-communications-intelligence are among the factors that should be addressed.

Program managers must be able to identify total costs of ownership and address support issues early in the system life cycle to reduce long-term costs. At the end of its useful life, a system must be demilitarized and disposed.

The program manager must plan for such issues early in the life cycle to be carried out in a manner that minimizes the Defense Department's liability due to environmental, safety, security and health issues.

Program managers must address environmental issues throughout the life cycle of a system to reduce the total cost of ownership.

Compliance with NEPA is an inherent government responsibility. Program managers must address and identify environmental costs associated with development, production, operations and support, and disposal.

This includes environmental costs at installations that host the system's operations, overhaul and disposal. Examples might be the result of lubricant and oil spills or paint stripping of helicopters to check for metal fatigue and corrosion.

Recent DoD Cost Analysis Improvement Group guidance stresses demilitarization and disposal as well as environmental costs that may arise in any major element of a weapons system's cost estimate.

It includes costs arising from requirements for pollution prevention, compliance, conservation, hazardous waste management and disposal, conversion, and site cleanup.

One study has estimated that 80 percent of the costs to handle, treat, and dispose of wastes within DoD facilities and installations are directly related to weapons system operations, maintenance and disposal.

Program managerss must address environmental issues early in the design of a system to ensure that environmental costs are captured and minimized throughout the life cycle.

The goal is to make the weapons systems not only more effective but also more environmentally friendly. By use of less toxic materials and choosing more environmentally friendly maintenance and overhaul practices, PMs can measurably affect long-term total ownership cost.

Recent government audits of selected Defense Department acquisition programs revealed that compliance with NEPA had not been appropriately incorporated into the acquisition management process.

The DoD inspector general and Army Audit Agency reviewed several Army weapons systems and their environmental costs. Subsequent reports expressed concern about hidden environmental costs.

As a result, specialists from the U.S. Army Environmental Center's pollution prevention and environmental technology division have been working in support of CEAC to develop guidance that will assist PMs with environmental life cycle cost estimates.

The environmental life cycle cost team has focused initial efforts on developing guidance for environmental costs of aviation systems. The team has collected cost data at manufacturing plants and field maintenance installations to do environmental cost estimates.

Environmental cost estimates for Comanche, Chinook, and Blackhawk helicopters have been completed. The current focus is on tracked vehicles, specifically the Bradley armored fighting vehicle. USAEC plans to develop an environmental cost handbook based on these cost estimates to assist program executive offices, PMs, CEAC and other acquisition officials. More information is available at: http://www.aec.army.mil/prod/usaec/et/p2/handbook.htm. The new handbook will describe how to identify and estimate life-cycle environmental costs for weapons systems.

Developing a methodology for calculating environmental life-cycle costs is complex due to numerous variables.

Some state and county governments have their own environmental monitoring requirements, which can actually be more stringent than federal requirements. Maintenance practices for the same system vary depending on the personnel performing the maintenance.

Pollution prevention programs are being tested to reduce hazardous wastes such as those from de-painting and painting operations.

Lessons learned apply not only to calculating costs but to making weapons systems less expensive to manufacture, operate, maintain or dispose of by substituting manufacturing materials or modifying maintenance practices. The PM office of the Comanche helicopter changed the maintenance concept due to health and safety risks to workers from potential beryllium dust from components.

Recognition and identification of environmental costs will enable PMs to make informed decisions on environmental issues throughout the life cycle of a system and plan from the beginning to reduce the total cost of ownership. The Army's Cost Analysis Manual and soon the Environmental Cost Handbook will be two sources of assistance to acquisition professionals entrusted with these complex decisions.

## Resource Analysis

### *Mass Transportation Fringe Benefit Program*

**by Robert W. Raynsford**

Department of Defense civilian and military employees inside and outside the national capital region or NCR are now eligible for up to $65 a month in mass transit subsidies.

The goal of a new mass transportation fringe benefit program is to reduce traffic congestion and improve air quality across the nation. In accordance with Executive Order 13150, dated April 21, 2000, DoD components were required to implement program in the greater Washington, D.C., area by Oct. 1.

Per DoD policy, the program must also be implemented elsewhere in the country as quickly as possible.

The program was successfully implemented inside the National Capitol Region on Oct. 1.

More than 5,000 Army civilians and military employees currently participate in it.

A DoD policy of Oct. 13 outlines rules for implementing the program outside the NCR. Major aspects of the DoD policy are:

**1.** Installations outside the NCR must offer a transportation benefit program identical to the program offered to personnel inside the NCR (transit passes in amounts not to exceed personal commuting costs up to $65 per month), except where "transit passes" are not readily available.

"Transit passes" are passes, tokens, fare cards, vouchers or similar items that entitle a person to transportation on mass transit vehicles or in vanpools.

**2.** If transit passes are not available, DoD needs to implement a cash reimbursement arrangement to pay back employees the expenses they incur for transportation via mass transit or vanpools.

**3.** A vanpool must use a highway vehicle with a capacity of at least six adults, excluding the driver.

The vehicle must be owned and operated by public transit authorities or a person in the business of transporting persons for compensation or hire.

At least 80 percent of the mileage use of the vanpool vehicle must be for purposes of transporting employees in connection with travel between their residences and place of employment.

The Army is finalizing the policies, including funding and reimbursement procedures, for outside the NCR.

Information about Army mass transportation program — to include DoD policy, Army policy, installation agent responsibilities and an application form — is posted on the ASA(FM&C) website at http://www.asafm.army.mil.

The policy for outside the NCR will be posted as soon as it is finalized.

# FA 45 FOCUS

*For Professional Military Comptrollers*

*FA 45 Focus is a recent addition to the RM, providing professional, career, developmental and training information for professional military comptrollers and their military and civilian supervisors. FA 45 officers and other readers are encouraged to send articles, announcements, other content and improvement recommendations to the career team points of contact at the end of this section.*

## *The FA 45 professional community*

**by Maj. Sean Hannah**

As comptrollers, we are a small professional community with the ominous task (along with our civilian counterparts) of stewarding the Army's resources. There are currently only 1,130 officers designated as FA 45s. As we continue to implement the OPMS XXI career field designation (CFD) process, this number will grow smaller. By CFD steady-state, which we expect to reach in late 2002, we plan to maintain about 400 CFD comptrollers and 250 or so FA 45 captains pending CFD.

We must never forget the roots grown in our basic branches, as it is that experience that will make our decisions and recommendations invaluable to our commanders. However, we must also look to the future and develop what *we* want to make of our specialized field — that is, if we don't shape the RM battlefield, it will be shaped for us. To reach this end, and in discussion with senior comptrollers, three main objectives for FA 45 have been identified:

- Encourage professional debate on the future of FA 45 and Army RM.
- Increase our internal and external communication and outreach.
- Develop and grow officers to become future comptroller leaders.

Following are some initiatives and programs.

**Professional discussion and debate**

We must increase healthy debate about both the future of our functional area and that of Army RM as a whole. As such, FA45s are encouraged to publish articles in the civilian and military press. If you need help getting your articles published, send them to Proponency for assistance. We are working to develop internal FA45 forums. In September, we started monthly "brown bag" professional development lunches with the Army headquarters staff. We intend to spread this program across the National Capital Region and would like to see major commands and agencies start similar programs in areas with large FA 45 population densities. If you provide a audience, we'll send subject matter experts to present issues of FA 45 concern.

**Outreach**

Better outreach is needed, not only between Army headquarters and the FA 45 community but also among ourselves and with external audiences such as Congress and academic and professional groups. We hope this new section and professional development sessions will enhance our communication with the FA 45 community. We are also looking at more frequent visits to military schools such as the Army War College and the National Defense University, to meet with you and Army leaders.

We are relying on you to increase internal outreach. One way to do this is through the RM Mentorship Program. This program applies to both civilian and military comptrollers but has been consistently under-subscribed by our military FA 45s. RMMP formally pairs senior and junior RMs together for professional and career guidance. For senior FA 45s, think back to your first FA 45 assignment. You had no experience, and frequently there was no senior FA 45 in your unit or possibly even on your installation. For new FA 45s, think about the prospect of having a dedicated mentor within reach. The mentorship program provides you that first mentor, or that second opinion you're looking for when making career or operational decisions. Both mentors and associates can sign up through the Proponency Office, and information is available on the web.

We also ask senior command FA 45s to reach out to young captains in operational units who have been recently functional area designated as FA 45s at their fifth year of service. Many have never even seen a comptroller. Please include them in your professional development and counseling opportunities. Professional organizations such as the American Society of Military Comptrollers and the Association of Government Accountants provide great ways to network, so look into your local chapters.

Remember, we are all proponents for our profession and must take the opportunity to reach out to the rest of the Army and external audiences. We ask that you take efforts in your positions to promote the health and success of our profession and the RM field. As you are able to influence your commanders, voice yourselves when you see actions (such as the reclassification of key developmental positions) that are detrimental to the development of our comptrollers and to our support of the Army mission.

**Building Leaders**

As the FA 45 profession moves forward under OPMS XXI, Army leadership and external stakeholders will harbor the legitimate expectation that we will increase our functional expertise and technical capabilities. As you are well aware, FA 45 is not an accession branch; we enter at mid-career. While we normally have great leadership and organizational skills, the technical skills of a professional RM often have to be gained "under fire." We therefore need to seek professional education opportunities wisely and provide assignments that balance our development as institutional support career field officers. With only 320 authorized FA 45 slots Army-wide, everyone within our field should be familiar with 45-coded positions by grade and location. If unaware, contact your assignment officer. We must, however, generate professional debate on which of all the 45-coded positions should be considered key developmental assignments (note DA Pam 600-3 section below). Give us your viewpoints!

Another current initiative affecting officer development is accreditation. Since last July 1, all officers have been required to complete accreditation forms with their supervisors and develop three-year individual development plans. Once the IDP is developed, it is to be submitted to the Personnel Command assignment officer. A memorandum explaining the program went to all commands, and the supporting *Accreditation Program Handbook* is available for reference on the ASA (FM&C) Proponency Office Web site. Accreditation requirements will be added to the next revision of DA Pam 600-3, Chapter 31 and the FA 45 *Comptroller Professional Development Guide*. Accreditation will formalize training, developmental assignments, education levels, and certifications expected of military and civilian comptrollers.

**Summary**

We are well into OPMS XXI implementation, and it is critical that all FA45 officers help chart the future of our profession. We need to increase professional dialogue as we increase outreach, and actively participate in discussions on officer development. Comptroller profession senior leaders and your career team want your comments and suggestions. Take an active role, send us your comments, and we will ensure they are heard in the proper forum.

**About the Author**

Maj. Sean Hannah, a CFD FA 45, is the Comptroller Proponency Officer, OASA (FM&C). He served as RM in the Army chief of staff's office. Hannah is a graduate of the Army Comptrollership Program at Syracuse University, has a master's degree in Military Science and is working toward a master's degree in Public Administration.

## CFD and OPMS XXI Update

**by Maj. Brent Penny**

The CFD process is a critical decision point in the professional life of an officer. My purposes here are to educate comptrollers in the field on how the CFD process works and to provide insight into how the process ties into OPMS XXI.

CFD is different from the older functional area designation. In the FAD process, officers receive functional areas in their fifth year of service. We expect to FAD about 100 FA 45 officers per year-group. Although an officer receives a functional area, there is no guarantee the officer will *work* in the functional area after branch qualification. How does that relate to officers who receive the comptroller functional area?

There are currently 250 branch-qualified captains who hold the 45 FAD and only 22 positions supported on the Officer Distribution Plan. This equates to 22/250 or just 6 percent of BQ captains working comptroller assignments, while the remaining 94 percent work assignments in their basic branch or as branch immaterial (01A or 02A).

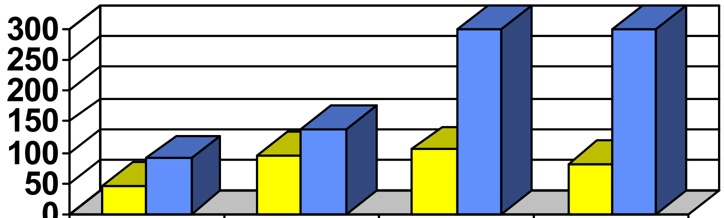
The tenth year of service is critical in the officer life cycle. In that year, the officer's records go in rapid succession before three spring or early-summer boards, the majors' board, the CFD board and a final one for command and staff college. It is important to mention that only officers selected for promotion to major are eligible to career field designate. Officers may actively participate in the CFD process by submitting preference statements with FA 45 as first choice. Not submitting a preference statement will most likely hurt your chances of receiving FA 45, since the board is more apt to designate you in a shortage functional area or keep you in your basic branch.

The CFD board process balances officer force structure at the field-grade level to meet branch and functional area requirements. We have more FA 45 officers than the Army needs functional-area-designated as FA 45, as shown in Fig. 1. The CFD process scales force structure, with needed overage, to support authorizations. Upon reaching CFD steady-state, late in 2002, we expect to maintain about 400 CFD comptrollers and another 250 or so FAD comptrollers, that is, FA 45 captains pending CFD.

**The CFD Board Process**

The most confusing issue in the whole process is how officers are designated into FA 45. Officers can completely control one facet of the board process and can affect one other. What do we mean? Officers have complete control of their own preference statements. Submit the statement with FA 45 as the first preference, and ensure the action is completed within the prescribed timeline. An officer's overall performance is the other key criterion used by the board that an officer can affect. An officer does not have complete control of this process but has

* Population numbers add to 880 and do not include an additional 250 non-branch-qualified captains FAD'd as FA 45. Total FA 45 population is 1,130.




| | COL | LTC | MAJ | CPT* |
|---|---|---|---|---|
| AUTH | 46 | 96 | 104 | 82 |
| POPULATION | 90 | 137 | 301 | 352 |

some input regarding officer evaluation reports. Likewise, a rated officer may influence a senior rater's recommendation (required on the reverse side of the new OER) as to whether the officer should be placed in branch or moved to a functional area.

Basic branch requirements probably have the single most important impact in this process. PERSCOM runs a statistical model that accounts for basic branch requirements based on cohort year group size. After branch requirements are met, officers are allowed out of the basic branch to compete for designation in a functional area. The term used is "takeout."

Over the first seven CFD boards, officers branched combat arms have had a higher takeout rate than officers branched combat support arms or combat service support. More than 65 percent of officers CFD'd FA 45 from these boards have come from combat arms. At this point, the office of the Army's deputy chief of staff for personnel provides guidance on how many FA 45 officers to career-field-designate in a specific year group. Results of CFD boards for the transition year groups (80-81, 86-89) show that 18 to 25 officers per year group got the FA 45 designation. The first "steady-state" year group (that for which the CFD board was held in conjunction with majors' board) was YG 1990. The expectation is that steady-state year groups will CFD around 25 officers per year.

Another critical component of the board process is that officers must compete against one another for a limited number of FA 45 billets. An officer's overall performance carries an enormous amount of weight in this process. However, civilian education, military education and previous comptroller experience also weigh in the process.

We encourage officers who desire to CFD as FA 45s to pursue an advanced degree in business, accounting, public administration or a similar field — either fully funded or through tuition assistance. We recommend attendance at either the Army Comptroller Course or the Resource Management and Budget Course and the Planning, Programming, Budgeting and Execution System course. If an officer's performance has been strong, that officer will have a greater chance to earn the FA 45 designation. A mediocre file with a low takeout places an officer at greater risk of not getting FA 45.

The only means to prepare for this board is to do your best in all assigned jobs. Annotate 'comptroller' as your first choice on the CFD preference statement, and ensure that your officer record brief and microfiche are current and up-to-date prior to the board.

**The CFD Process and OPMS XXI**

CFD is an important component of OPMS XXI, since officers will serve in their designated branch or functional area exclusively for the rest of their careers. As comptrollers, it is important that officers fully understand DA Pam 600-3,

| BRANCH | START | MAX | MIN | OPNS | REMDR | CFD/45 |
|---|---|---|---|---|---|---|
| IN | 1167 | 744 | 689 | 785 | 382 | 22 |
| AR | 659 | 453 | 406 | 447 | 212 | 7 |
| FA | 894 | 588 | 538 | 572 | 322 | 29 |
| AD | 324 | 283 | 256 | 262 | 62 | 7 |
| AV | 888 | 679 | 636 | 674 | 214 | 21 |
| SF | 435 | 379 | 351 | 370 | 65 | 6 |
| EN | 604 | 557 | 526 | 539 | 65 | 8 |
| SC | 701 | 603 | 564 | 566 | 135 | 0 |
| MP | 332 | 262 | 233 | 261 | 71 | 5 |
| MI | 922 | 693 | 652 | 661 | 261 | 7 |
| CM | 228 | 194 | 177 | 185 | 43 | 2 |
| AG | 348 | 312 | 289 | 290 | 58 | 7 |
| FI | 127 | 118 | 104 | 109 | 18 | 14 |
| TC | 355 | 344 | 327 | 329 | 26 | 1 |
| OD | 535 | 472 | 449 | 460 | 75 | 4 |
| QM | 650 | 546 | 517 | 542 | 108 | 12 |
| | | | | | | |
| TOTAL CFD REQUIREMENT | | | | | | 152 |
| SINGLE TRACK OFFICERS | | | | | | 9 |
| TOTAL DESIGNATIONS | | | | | | 161 |

*CFDs for Year Groups 80-81 and 86-90*

the source document with minimum requirements for them to earn functional area qualification for promotion. Also, promotion board guidance is derived from this document.

OPMS XXI helped illustrate FA 45's importance, by allowing comptrollers to compete for command and staff college and senior service college class seats. In past years, comptrollers received no seat allocations. Last year, FA 45 received seven CSC seats, five with Army and two with the Air Force. This trend will continue until the Army fully implements "universal military education level" 4, the delivery of command and staff college training in some form to all active-duty officers. The SSC list released last September gave comptrollers five seats. Securing designated seats is unprecedented and is great news for the comptroller community!

**Promotions**

The promotion system will change next July, with the Army competitive category colonels' board. Officers will begin competing against one another by career field and functional area. The four new career fields are operations, information operations, operational support and institutional support, the last of these including FA 45. Neighboring FAs in the institutional support career field are FA 43, human resource management; FA 47, U.S. Military Academy permanent associate professor; FA 49, operations research/systems analysis; FA 50, force management; FA 52, nuclear research and operations; and FA 59, strategic plans and policy.

The entire IS career field comprises just 10 percent of the ACC. During promotion boards, comptrollers will compete against other comptrollers for their year group's FA 45 requirements, both primary and below-the-zone. Once those requirements are met, remaining comptroller officers will compete against officers in other IS functional areas above for the residual category — officers who can be promoted beyond functional area requirements up to congressionally mandated officer ceilings by grade.

Initial promotion boards will comply with Defense Officer Personnel Management Act targets for selection to lieutenant colonel and colonel in the aggregate over five years. Fluctuations in the promotion system by functional area will probably occur, but by the end of the five-year process it will average out to DOPMA targets, currently 83 percent success rate to lieutenant colonel and 61 percent to colonel — recent increases and another good news story.

These are exciting times for officers designated FA 45. This is an unprecedented opportunity for officers at all ranks to influence this functional area and make it better for those who come behind us. Hang on for an exciting ride!

### About the Author

Maj. Brent Penny, a career-field designated FA 45, is the Army's comptroller assignments officer. He earned a bachelor's degree. in Accounting from Virginia Commonwealth University and has had assignments as program analyst with the office of the Army's deputy chief of staff for logistics and as comptroller of the 13th Corps Support Command.

## FA 45 News

### *Training with Industry (TWI) Program*

We are pleased to announce the inception of the FA 45 TWI program. Five of our top comptrollers will be selected to begin 12-month assignments with industry partners beginning next summer. We are excited to have the interest of several Fortune 100 corporations. The Proponency Office is finalizing program development and agreements with partner corporations. PERSCOM will control the selection and assignment process. Look for details now in an Army message just posted on the Proponency and PERSCOM websites. Applications are due in January.

### *FA 45 Board Results*

Last September's senior service college board list showed a selection rate for FA 45 CFD'd officers of 14 percent (5 of 36), nearly twice the whole Army's 7-plus percent (322 of 4359) rate. For our "single-tracked" officers to have succeeded so well underscores the value the Army has put on our skills. The good news doesn't end there, however. FA 45 officers also fared well before last year's majors' promotion board. FA 45's primary-zone selection rate was 77.4 against 79.6 percent Army-wide, and the FA 45 below-zone success rate was 5.5 versus 5.1 percent overall.

### *DA Pam 600-3 Update*

Department of the Army Pamphlet 600-3, Commissioned Officer Development and Career Management, is scheduled for update later in the fiscal year. We have an opportunity to influence Chapter 31, our FA 45 section. The DA Pam is the document that formally outlines our functional area requirements and developmental model. It is a critical publication, used by selection boards to identify officer requirements for promotions and other actions. We now have enough OPMS XXI experience to make some productive changes. We want your involvement. Please send recommended changes to your Proponency Officer. One area we need to closely review is the identification of key functional area qualifying positions at each rank. We also plan to add new requirements of the Comptroller Accreditation Program.

### *School Quota Execution*

Last fiscal year, we underexecuted military training quotas for the Army Comptroller Course (ACC), the Professional Resource Management Course (PRMC) and the Professional Military Comptroller School (PMCS), filling only seven of every 10 seats. We have in DA Pam 600-3 the requirement that majors complete ACC prior to going before the lieutenant colonel board, as well as a similar requirement that PRMC or PMCS be completed prior to lieutenant colonels' going before the colonels' board. We understand that it is difficult to free officers to attend these courses, but since they are critical education opportunities in the development of our FA 45s, we need to make this a priority. School slots for these courses are controlled through the Proponency Office. Work with your assignment officer, however, if attending on temporary duty between permanent job assignments (TDY en route PCS).

### *Contacting Your Career Team*

- FA45 Proponency Officer -- Maj Sean Hannah: hannahst@hqda.army.mil or (703)697-2976, DSN 227-2976, SAFM-PO, Room 3D622, 109 Army Pentagon, Washington DC 20310-0109
- FA45 Assignment Officer - Maj Brent Penny: pennyb@hoffman.army.mil or (703)325-3112, DSN 221-3112, Commander, PERSCOM, ATTN: TAPC-OPB-A (MAJ Penny), 200 Stovall St. Alexandria, VA 22332-0411
- Proponency Office Web site: www.asafm.army.mil/proponency/acpo.htm
- PERSCOM FA45 Web site: http://128.190.158.50/opfamis/fa45.htm

## Army Comptrollership Program class of 2000 graduates

Members of the Army Comptrollership Program Class of 2000 (see cover) graduated Aug. 9 with master's degrees in Business Administration through Syracuse University's School of Management.

ACP, directed by retired Army Col. David B. Berg, is an intensive 14-month graduate program of study for officers and professional civilians in the Army and DoD resource management communities. The commencement was held in Hendricks Chapel, with Chancellor Kenneth Shaw awarding the degrees. Helen T. McCoy, Assistant Secretary of the Army (Financial Management and Comptroller), delivered the commencement address.

The McCall Award, honoring honors 1970 graduate and former Comptroller of the Army Lt. Gen. James McCall, goes to a former military graduate. To recognize distinguished civilian contributors, the Keenan award commemorates Larry Keenan, a 1967 ACP graduate who worked vigorously for advanced educational opportunities for civilians while serving from 1980 to 1985 as Deputy Comptroller of the Army.

Retired Army Col. Dwayne Griese, a 1985 program graduate, received the McCall award. The Keenan award went to Bruce Dockter of Forces Command, a 1977 graduate.

Capt. Jeff Zottola won the Joseph C. Neuman award for top academic standing.

Holly Williams received the David E. Tosh award for teamwork and service to others and Phyllis Korcz and Capt. Anthony Gautier captured this year's American Society of Military Comptrollers research award.

Zottola and five others were inducted into Beta Gamma Sigma, a national scholastic honorary society for MBA students.

The induction recognizes good moral character as well as high scholarship and is among the highest honors an MBA graduate can receive. Also earning this honor were Felix Strelsky and Capt. Kevin Broom, Capt. Tracy Foster, Capt. Carter Johnson and Capt. Charles Murray.

## McCoy, awardees give ACP 2000 graduation remarks

**Helen T. McCoy**
*Assistant Secretary of the Army*
*(Financial Management and Comptroller)*

Good morning. First, let me congratulate each graduate. You have worked hard to achieve this goal. Your families, friends and faculty members share in the pride of this accomplishment.

I also commend the McCall awardee, Col. Retired Dwayne Griese and the Keenan awardee, Mr. Bruce Dockter. Thank you both for your contributions to Army Financial Management.

And for the second year in a row—Congratulations to each member of the Army Comptrollership Class of 2000 for receiving the Chancellor's Award for Community Service. This commitment to service to others that you have exemplified will serve you well throughout life's journey. I applaud your efforts.

As graduates of the Army Comptrollership Program and Syracuse University, you have achieved a significant educational milestone. There are in excess of 11,000 career personnel in the Army's financial management community. From that number, only 28 to 30 are selected for the Army Comptrollership Program each year. You have joined an elite group. Take pride in that fact. But remember, "from those to whom much is given, much shall be required." You are expected to contribute greatly for this "elitism." As 21st-century leaders, you will be faced with seemingly daunting challenges. Change will be a constant in your professional lives.

A snapshot of on-going issues that will require your immediate attention include the Army's Comptroller Accreditation Program, the DoD-wide certification program for financial managers and the government-wide human capital challenge. I believe these three items typify the overarching subject of challenges you will face in the next decade or so—the workforce.

Over the next five years, 50 percent of the civilian workforce in government can retire, and 75 percent of the Senior Executive Service will be eligible to walk out the door. After more than 10 years of downsizing, the civilian workforce in DoD—in all of the federal government, for that matter—is smaller and older than it's ever been.

Recruiting and retaining well-qualified young people will demand competent leadership. Your "service to others" commitment will have to extend to the workplace in ways perhaps totally unfamiliar to you. Today's young employee will expect and indeed demand more—more training, more professional development opportunities, more and broader job experiences, more accountability from managers and leaders. You will be expected to listen, to nurture, to mentor, to instruct and to guide. This graduate program has only begun to prepare you for these challenges. You will never totally finish that preparation.

Today there are 35 Certified Defense Financial Managers working in the Army, and 18 of them are in your class. It has been my pleasure and honor to personally recognize many of them in public gatherings, as we will do today. With your diploma, you will receive a certificate attesting to your status as a Certified Defense Financial Manager. Display it proudly. The goal is to have every careerist in the Army's financial management workforce (civilian and military) achieve CDFM status.

Why? Certification provides objective evidence of your professional knowledge, and it represents a significant achievement. For many years, cost analysts and accountants have used certification as a tool to demonstrate their professional capabilities. The newly created Certified Defense Financial Manager (CDFM) examination provides a similar tool to those focused on defense financial management. DoD's financial management workforce constitutes half of the federal financial management community. We have a broad and unique body of knowledge; yet until now there was no program tailored to measure this knowledge. The CDFM is relevant, test-based and academically sanctioned. Yes, certification attests to individual competence, and it also builds public confidence in financial management in our Defense Department. Most importantly, however, certification facilitates personal growth.

In 1829, Martin Van Buren, then governor of New York, wrote this to the President: "The canal system of this country is being threatened by the spread of a new form of transportation known as 'railroads'…. As you may well know, railroad carriages are pulled at the enormous speed of 15 miles per hour by engines, which, in addition to endangering life and limb of passengers, roar and snort their way through the countryside. The Almighty certainly never intended that people should travel at such breakneck speed."

Embrace change. You will set the standard for financial management excellence in DoD. I wish you the very best in your future endeavors. Congratulations.

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**Retired Col. Dwayne L. Griese**
*McCall Award recipient*

Chancellor Shaw, Dean Burman, the Honorable Helen McCoy, and graduating class of the Army Comptrollership Program for year 2000. I want you to know that it's exciting for me and I'm thrilled to be able to participate in this graduation ceremony with you today. When I was in the ACP class, I, like several of your classmates, had to depart several weeks prior to graduation to enroll in and start the Army Command and General Staff Officer Course at Fort Leavenworth, Kansas. Today, 15 years later, I have the opportunity to finally cross the stage and participate in a formal graduation ceremony.

It is with a great deal of humility as well as honor that I accept the James F. McCall resource management award. It has a very special significance and basis of meaning to me. I had the fortunate opportunity to serve as the executive officer to Lieutenant General McCall when he was the Comptroller of the Army a little more than 10 years ago. It was from this special professional working relationship that I was able to see first hand the leadership role, vision and personal drive that General McCall had for promoting the professional development of the resource management workforce of the Army—a role that he continues to actively champion today as executive director of the American Society of Military Comptrollers.

While Comptroller of the Army, General McCall summarized his guidance to resource management action officers and others who worked the halls of the Pentagon in a memorandum that he authored and distributed, and which he titled, "Do What's Right." From this, I would like to make reference to three particular items that served me well over my career as a resource manager. The first item has to do with the importance of training the workforce. A well-trained workforce is essential if you are to be able to meet the demands of an ever-changing environment. Training for yourself, as well as for your subordinates, is necessary not only to better accomplish your mission but also to have your subordinates prepared to step into your job when you move upward.

A second item is the aspect of teamwork and building and sustaining effective teams within your workplace. This is something that I have found to be absolutely critical if you are to have an effective and productive work place. With your new training skills, you will be expected to take the lead and form such teams. Effective teams are achieved over time by successfully completing difficult and demanding tasks—team strength and momentum building from successive and successful accomplishments, building upon one another. You will know without a doubt when your team is working well! It's a great feeling of accomplishment when you see the capabilities and sense the pride that dynamic teams and teamwork can generate.

The third item has to do with personal character, that being integrity. To be a successful resource manager requires you to be uncompromising in your integrity in all that you do, day in and day out. Integrity is not negotiable; it's the cornerstone upon which to build your success. If you will do at least the three items I have mentioned—develop and support an effective training program, for you as well as your subordinates, with you being the catalyst to make it happen; work hard to build effective and dynamic teams in your workplace; and, above all else, maintain your integrity—then you will be well on your way to having a successful resource management career. These are the items I believe to be most reflective of what the James F. McCall award for resource management and "Do What's Right" are all about.

My special thanks to Ms. Vicky Jefferis, Deputy Chief of Staff for Resource Management, Forces Command, who is here in attendance today, for letting me work in a key leadership role on the FORSCOM Resource Management team over the past several years. What a great way to end one's resource management career. Thank you for nominating me for this award; I will long cherish it.

To the ACP graduates of the class of 2000, you are in a very challenging and exciting environment. You should strive to be the best of the best, and I wish you a most successful and rewarding career in resource management.

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**Bruce Dockter**
*Keenan Award recipient*

Mrs. McCoy, Chancellor Shaw, Dean Burman, Dean Koveos, Colonel Berg, Colonel Griese, Mrs. Jefferis, Dr. Adolphi and members of the class of 2000, it is such an honor to be here among you today and to be the recipient of this award. It just doesn't seem like it has been 23 years since my wife and my three children, one of whom is here today with her two little ones, sat here in Hendricks Chapel and witnessed the members of class XXV receiving our degrees.

I had the pleasure of meeting Mr. Keenan on a number of occasions, and I am humbled by this recognition. I am especially pleased to be so honored during the tenure of Dave Berg. Dave was a classmate of mine, and I have watched over the past few years as he has expanded and enhanced the Army programs here in the School of Management; and I think he has just done a superb job. I am also pleased to see that Syracuse has perpetuated the Joe Neumann award for academic excellence, since Joe was a classmate of ours as well. And it is great to share the moment with my compatriot, Colonel Dwayne Griese. Dwayne and I have been working closely together over the past few years on solving some significant Army-wide information mission area resource issues.

As you, the members of class 2000, leave here today, I would challenge each of you, military and civilian alike, to take away more than just a master's degree and 14 months of great memories. I would challenge each of you to take away a commitment to strive to maintain the professionalism and credibility of defense resource management. With all of the press stories about our inability to account for our money and materiel effectively, we constantly need to work at convincing people we come into contact with, that we really are good stewards of the public's money, and are working diligently at improving our financial and logistics systems. Ernie Gregory, another Syracuse alum, is committed to one day having an unqualified audit report for the Army financial reports, and we all play a part in making that happen. Recently Ernie told me that for many reasons the goal is a way off, but the most important near-term objective is to continue to improve the financial information—quality, reliability and timeliness—needed by our internal Army decision-makers at all levels. This we can continue to improve on a daily basis.

You have received a first-rate education courtesy of the Defense Department, and in return you need to set the standard for future generations of comptroller careerists. They need to look at you and understand why an ACP graduate stands out among other advanced degree holders in our community. They need to understand the long-term benefits of the relationships you have formed over the past year. The networks you have created here with both ACP students and other MBA students will be of great value to you through the years. I challenge each of you to make a personal commitment every year to encourage at least one person to apply to attend the ACP. The waning interest in the program among careerists is not good, and we all have a responsibility to become public relations people for the ACP, to encourage attendance and to enhance the reputation of the program by our example.

Again, it is just great to be back at Syracuse and to be among you here today as you are honored for your academic achievements of the past year. I heartily congratulate you for your perseverance and hard work, and your families on their perseverance and support. Have a great day, and may God bless and be with each of you and your families as you move on to your next assignments.

## PMCS classes 00-E and 01-A

The Army had four military and four civilian students among the Sept. 15 graduates of class 00-E and a single civilian student graduating Nov. 17 from class 01-A of the Professional Military Comptroller School.

Students completed six weeks of graduate instruction in contemporary resource management issues and problems facing financial managers throughout the Department of Defense.

The class also included students from the Air Force, Marine Corps, DFAS and other DoD agencies.

| **Name** | **Command** |
|---|---|
| Maj. Bryan F. Averill | USASOC |
| Capt. Mario R. Beckles | USARC |
| Capt. Camelo M. Borges | FORSCOM |
| Adam N. Garcia | ATEC |
| Maj. Thomas J. Giles | OUSD(P&R) |
| Halstead N. Green | USAREUR |
| Marquitta S. Magnini | AMC |
| Paul A. Novak | EUSA |
| Deborah G. Trimble (Class 01-A) | USACE |

## Army Comptroller Course Class 00-II

The second regular class of the new Army Comptroller Course last August and September gave five soldiers and 19 civilians from 10 Army commands and agencies a taste of what it's like to be a "real" field comptroller. ACC is a new four-week comprehensive training experience for officers newly designated into the institutional support career field in functional area 45. It is also for journey-level Army civilian careerists and second-year CP 11 comptroller interns. The course, taught at Syracuse University, focuses on federal budget challenges, strategic planning, the planning-programming-budgeting-execution system or PPBES, accounting, fiscal law, activity- and service-based costing, manpower management, contracting, management controls, competitive sourcing, financial operations, the legislative process, and installation and major command resource management. ACC is well suited for comptroller interns in the second year of their internship. If you are a second-year CP 11 DA intern, or you work with or you supervise one, consider proposing or including ACC as part of the second-year training plan. More infois available by e-mail: proponency@hqda.army.mil.

***ACP Class 00-II***:

| Name | Command |
|---|---|
| Alicia Bowie | HQDA |
| Charles E. Cahill | AMC |
| Tina M. Dailey | HQDA |
| Lynn M. Edgemon | AMC |
| Robert K. Fosburgh | EUSA |
| Shirlean Gatling | HQDA |
| Annie R. Hill | OCAR |
| Michele Holman | AAA |
| Maj. Gilbert G. Huron | USARPAC |
| Dana G. Lymon | AMC |
| Bryan Mackay | AMC |
| Charles Mason | AMC |
| Jacquelyn L. Mayfield | AMC |
| Joanne Nowicki | AMC |
| Maj. David S. Paugh | FORSCOM |
| Carolyn M. Peterson | AMC |
| Maj. Philip H. Simard | TRADOC |
| Maj. Gerald R. Skaw | HQDA |
| Randy L. Smith | USMA |
| Sherree L. Taylor | AMC |
| Joseph H. Thompson | HQDA |
| Sharon M. Trigueiro | AAA |
| Frankie L. Waid | MTMC |
| Capt. Michael E. Wawrzyniak | TRADOC |

# Jefferis, Reardon win Presidential Rank Awards

Vicky Jefferis, deputy chief of staff for RM at Forces Command, and Gene Reardon, auditor general and head of the Army Audit Agency, were among 21 Army senior executives who received Presidential Rank awards last October in a Pentagon ceremony. Each received a Meritorious Executive award. Award winners had five traits in common, said Patrick T. Henry, assistant secretary of the Army for Manpower and Reserve Affairs. Those traits are: having the ability to lead change, being results-driven, having business acumen, having the knowledge of how to build coalitions and having the knowledge of how to lead people.

Jefferis led FORSCOM through major restructuring, introduced and implemented strategic planning within the command, and provided innovative approaches and solutions to complex funding and manpower challenges. She led the way to establish activity-based costing as the installation commanders' tool of choice to help them better identify and manage garrison operating costs. That helped the command survive funding reductions of nearly $200 million over a five-year period. Jefferis's role in developing the commander's funding assessment for the Army chief of staff ultimately led to hundreds of millions of dollars being added to funding levels DoD-wide. Her exemplary leadership set a challenging performance standard for manpower and comptroller practitioners throughout the Army.

Reardon brought highly skilled management and leadership to bear in reshaping the Army Audit Agency to achieve notable gains in efficiency and effectiveness. He streamlined AAA, centralizing management and consolidating overhead support. Reardon's efforts cut personnel staffing 10 percent, improved report timeliness 21 percent and significantly raised agency customers' satisfaction. He strengthened communication with senior Army leaders and incorporated their concerns in his agency's strategic plan to focus on customer service. From 1993 to early 2000, senior Army leaders' audit support requests more than tripled. Under Reardon's leadership, AAA generated total sustained dollar benefits of nearly $12 billion, a 36-to-1 return on investment for the Army and the taxpayer.

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